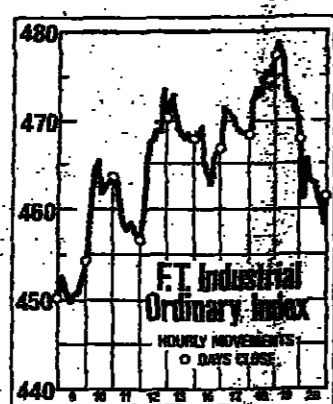


MARKET SUMMARY

BUSINESS
Equities
hit by
profit
taking

● EQUITIES were hit by end of account profit-taking, which jobbers failed to deter. The FT



FT Industrial Ordinary Index
O.D.S. CLOSE

age of today's Cup
green Liverpool and
United at Wembley
head as planned.
follows yesterday's
urt decision prevent
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oation of Broadcas
from taking industrial
stop the match being
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detectives suspect
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on sale and that a
ng is out to make a
unloading the tickets
£12 each.
port chief
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joined BBC Head of
face of Sam Leitch.
ir MP says
I resign
r Irvine, QC, Labour
verpool, Edgell, said
that he intended to
arlier, his local party
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Arthur is understood
agreed to defer his
for the Chiltern
for several weeks to
Government to pick
unfavourable time for
on. On recent by-
form Sir Arthur's
n October, 1974, was
Tories would gain the

not dead in
fan demo
strators were reported
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day of violence
Rhutia's Government
in. Police were said
red on a crowd of up
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Mr. Bhutto's rulings
Karachi demonstra
dispersed by troops
the air.
progress
t between the U.S. and
Union to negotiate an
limit strategic weapons
orted to have been
in Geneva last night
days of talks between
s Vance, U.S. Secretary
and Mr. Arthur's
Soviet Foreign Minis
re 15

list slip
swing to the moderate
the local elections was
last night. For the
me Loyalists, and
politicians saw their
the poll fall to about
nt. Back Page.

d jewel raid
gold worth \$200,000
on from Crimman, Old
jewellers, in London.
An armed gang tied
and spent 30 minutes
bracelets,
and rings. A male
was cuffed on the head
a butt.
more sale total reached
ter the first three days.
go up by 1p per pint
orrow.
clamped down on week-
end EEC Foreign
at Leeds Castle, Maid-
th, was ordered by Dr
cn, Foreign Secretary.

JAPAN'S industrial production
increased by 2.5 per cent.
March, the biggest monthly gain
in almost one year. Page 10

COMPANIES
● DEBENHAMS made a pre-tax
profit of £20.45m. for the year
ended January 28, on a turnover
which advanced from £299.94m.
to £375.56m. A one-for-three
rights issue is planned to raise
about £21.9m. Page 16; Lex.
Back page.
● JENSEN Motor Company
creditors, owed almost £3m., are
not likely to be paid, according
to the Official Receiver. The com-
pany was wound up earlier this
year. Page 9
● MR. JAMES A. S. Cleminson
has succeeded Mr. Arthur M.
Mason as chairman of Rankit and
Colman. Appointments, Page 19

PRICE CHANGES YESTERDAY

pence unless otherwise indicated	
RISERS	
1) 64 + 6	2) 64 + 6
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The week in London and New York

End of Account blues

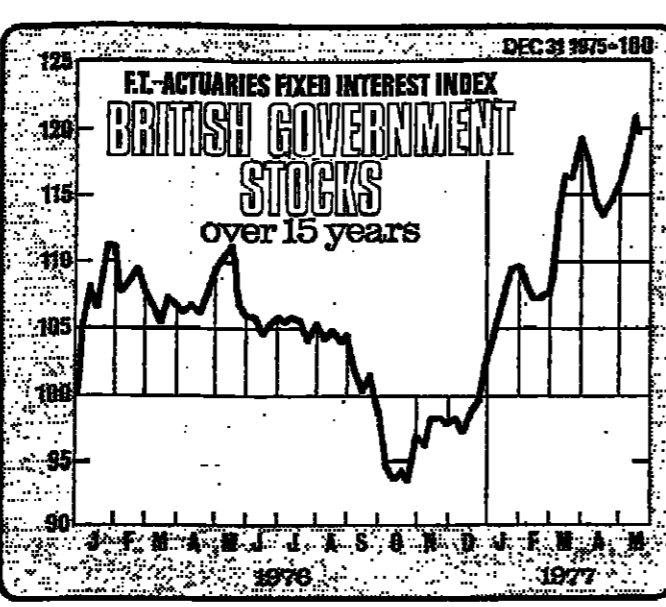
Inflation fears

ONLOOKER

The market was suffering from the end of the account blues towards the latter part of the week and about two-thirds of the gain seen over the account was wiped out on Thursday and Friday. Profit taking, and disappointment over the spiralling inflation trend in the Retail Price Index in the absence of any new time buying ahead of the next three-week account set equities back after reaching a four-year high on Wednesday.

The gilt market received a shot in the arm late on Monday when it was announced that the Government was about to issue a £400m. tranche of a floating rate bond. The institutions took this as a sign that there would not be a conventional "tap stock" issue in the near future and this left the market hungry for high coupon stocks. The scarcity of these forced demand into other long dated gilts and as with equities the F.T. Government Securities Index hit a four-year high on Wednesday.

Subsequently the increase in the money supply and the repeated signal from the Bank of England for restraint in yesterday's Treasury bill tender prompted some shake out.



75 per cent, its chances of success look depressingly high. The market had been hoping for an outright bid for the minority, in order to resolve the growing conflict of interest between Sir James Goldsmith's master company and its main U.K. interest. What it got was an agreed offer of 155p cash for half the outstanding equity, plus a

issues at the eleventh hour and raise more money than they could have originally hoped for. The other reason why companies are reluctant to lose their places is because the Government's 17 per cent stake in BP is due to come on the market soon. Last Thursday the Chancellor confirmed the sale was going ahead and market sources are now suggesting that the Bank already has a date pencilled in around mid-June. The current value of the BP holding is worth nearly £825m. and although some may go overseas there will still be quite a lump for the City to digest in one go. Undoubtedly a lot of the institutions' liquidity will be absorbed, so it is not surprising that there is a rush by other companies to get in first.

Retail volume

The weakening retail trend in the U.K. was highlighted this week in official figures for April as well as results from four leading store groups. The value of retail sales in April was 12 per cent higher than a year ago but this compares with a rise of 15 per cent for 1976 as a whole. Although the volume of sales was slightly higher than in March it was lower than the other months this year. Since the pre-budget spree last November the index of retail volume has fallen by 6 per cent and is at a five year low.

So it was little surprise to learn that store sales at UDS are running only 13 per cent ahead against a gain of 24 per cent for the year ended January 1977. UDS did see a marked recovery in second half profits after the mid term setback and this suggests profits this year could reach £20m—a third below the 1974 peak figure.

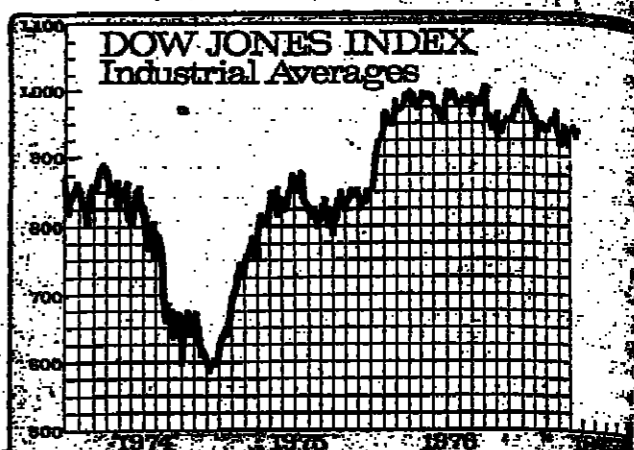
Boots is rather more fortunate in having about 28 per cent of its profits overseas. A full third of its profits gain of £18.9m. to £91m. came from outside the U.K. Debenhams benefited strongly from the retail spree late last year and its profits rose from £13m. to £20m. on a 25 per cent turnover gain. This year, however, sales are in line with the national trend while the group is raising £21m. in a rights issue to finance working capital.

A more up to date guide on consumer spending is given by the first quarter figures from Woolworths where sales are only 9.8 per cent higher. But lower costs allowed profits to rise 14 per cent at £5.78m.

AFTER showing signs of emerging from the recent slump early in the week share prices on Wall Street eased on Thursday and then ran into heavy selling pressure again today as another sharp increase in the consumer price index revived inflation fears.

Investors attributed this whiff of enthusiasm partly to the market's positive reaction in the face of last Friday's round of commercial bank prime rate increases, and partly to bargain hunting among the glamour stocks which have been under such heavy selling pressure recently.

The performance of the glamour stocks is becoming as much a barometer of market movements as the monetary policy of the Federal Reserve Board has been. Investors seem convinced that until the selling pressure on these issues dries up



the market as a whole is unlikely to move much higher. Signs of the pressure easing such as appeared at the beginning of the week helped market confidence overall.

The fragility of these market upturns was well demonstrated on Thursday, however, when anxieties about monetary policy surfaced. Thursday was likely to be a nervous day ahead of the weekly money supply figures anyway, and share prices fell. But what really worried the stock market was the appearance of new shreds of evidence that the Federal Reserve Board might be tightening up on credit again. The key interest rate of Federal funds moved out of what the Federal Reserve Board's target range without the authorities moving to pull it back and investors in both equity and bond markets

Premium market

Following rumours that there might be some easing in the restraints on overseas investment, the dollar premium fell swiftly this week from its 1977 peak level of 120-125 per cent. to 111½ per cent. (effectively 40 per cent.). For the past 6 weeks or so volume has been very low in the premium market, for interest has been concentrated on U.K. stocks rather than overseas. But speculation over the future of the premium was sufficient to bring out the sellers.

This is not to say that there is much genuine hope that the strings on overseas investment will be loosened in the short-term. One factor militating against this is that no progress has been made towards liberalising direct investment within the EEC; and that has priority over portfolio investment in the timetable. But it does not stop investment managers wishing—perhaps for the abolition of the 25 per cent surrender rule—and making representations to the Government.

Cavenham minority

Although no-one can be particularly happy about Générale Occidentale's plans to increase its holding in Cavenham from just over 50 to a little more than

TOP PERFORMING SECTORS IN FOUR WEEKS FROM APRIL 21

Office Equipment	% Change
Motors & Distributors	+23.2
Machine & Other Tools	+20.1
Property	+18.2
Newspapers, Publishing	+17.9
Shipping	+16.6
AI-Share Index	+10.5

THE WORST PERFORMERS

Oils	+6.5
Contracting, Construction	+5.9
Food Manufacturing	+4.8
Discount Houses	+1.1
Food Retailing	+2.0
Mining Finance	-3.1

sweatener in the form of a preference scrip for the remaining minority.

Following the news, Cavenham now stands at 128p which—assuming the preference is worth par—means that the market is valuing the rump of Cavenham at just 65p per share. That would represent a p/e of roughly 4 on the basis of the year just ended—rather lower than the multiple which applied before all the excitement started earlier this year.

Cavenham's independent directors can argue that the appropriate price to be paid for taking the GO holding up to 75 per cent. is less than that which would apply if the bidder wanted 100 per cent., and that the proposed arrangements are better than nothing. But it is not yet clear pre-

U.K. INDICES

Average week to	May 20	May 13	May 6
Govt. Secs.	70.95	69.95	69.60
Fixed Interest	70.92	69.73	69.84
Industrial Ord.	468.3	462.5	438.4
Gold Mines	110.0	115.5	116.3
Dealings mtd.	7,032	8,127	6,430

FT ACTUARIES

Capital Gds.	184.81	182.75	172.61
Consumer (Durable)	168.19	165.33	156.89
Cons. (Non-Durable)	172.70	173.05	167.15
Ind. Group	184.87	183.41	174.88
500-Share	210.99	209.48	200.37
Financial Grp.	143.35	141.22	132.85
All-Share	193.84	192.36	183.58
Red. Debs.	55.42	55.01	54.85

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1977 High	1977 Low	
F.T. Ind. Ord. Index	461.3	-6.5	477.4	357.6	Reaction after hitting 4-year high
Gold Mines Index	106.3	-10.7	137.4	95.1	Worsening African situation
Treasury 15½ 1996	£1164	+ 1	£1181	£1011	"Floater" starts run on gilts
A.V.P.	126	+39	130	49	Agreed bid from Lonrho
Anglo-American Corp.	230	-18	256	195	Worsening African situation
Beaverbrook A	57½	+ 4	60	32	Evening Standard imbroglio
Beecham	470	-24	502	372	Annual results disappoint
Bougainville	85	-19	127	58	Fall in copper price
Brown (John)	200	+ 8	209	98	Continuing bid hopes
Cavenham	128	-12	146	89	Concern over G.O. partial bid
De Beers Defd.	253	-25	278	188	Worsening African situation
Debenhams	80	+ 7	90	66	Proposed £21.5m. Rights issue
Heron Motor	60	+ 3	63½	33	Speculative interest continues
Lyon & Lyon	62	+20	62	23	Bid from Clyde Petroleum
Mothercare	278	-18	300	203	Zilkha family sells 5m. shares
Pease Property	45½	- 5½	51½	23	Fraud Squad investigation
R.H.M.	44½	- 4	48½	37½	Second-half profits warning
Savoy Hotel A	64	+ 6	64	33	Speculative support
Walker (C. & W.)	180	+30	180	110	Rights issue on bonus terms
Willows Francis	70	+14	74	42	Speculative buying

TV/Radio

BBC 1

9.00 a.m. Chigley. 9.15 These are the Days (cartoon). 9.25 Robinson Crusoe. 10.00 Ayrton and Trueman on Cricket. 10.15 The Spinners. 10.25 Duffy Duck in Hollywood. 10.30 Zorro. 10.45 Laurel and Hardy in "Another Fine Mess". 11.25 Weather.

11.30 a.m. Final Grandstand: Liverpool. Manchester United: slow-motion replays, interviews and comments. 11.30 a.m. Cup Final Morning: Women's FA Cup Final (12.05 p.m.) QPR v. Southampton (highlights of the Women's Football Association Pony Cup Final). 12.20 The Cup Final Managers. Cup Final Knock-out (12.30). Boxing (1.15) World Heavyweight Championship: Muhammad Ali v. Alfredo Evangelista. Inside Wembley (1.35). Goal of the Season. The Road to Wembley. Meet the Teams. The Final Word. 2.40 All Stars. 3.00 Cup Final (3.00) Liverpool v. Manchester United. 3.45 Half-time marching display. 3.55 FA Cup Final (second half). 4.45 Presentation of the Cup and Medals by the Duchess of Kent. 4.55 Meet the Winners. 5.40 News. 5.50 Sport/Regional News. 5.55 The Tom and Jerry Show. 6.00 Saturday Night at the Movies: "Chitty Chitty Bang Bang" starring Dick Van Dyke and Sally Ann Howes.

8.15 The Val Doonican Music Show. 9.05 Starsky and Hutch. 9.55 That's Life. 10.25 News.

BBC 2

7.40 a.m. 8.30 and 9.55-1.55 p.m. Open University. 3.00 Saturday Cinema: "Houdini" starring Tony Curtis and Janet Leigh. 6.55 Open Door. 7.25 News and Sport. 7.45 Network. 8.15 Don't Quote Me. 8.45 The Lively Arts—In Performance: the Dance Theatre of Harlem. 9.45 Wodehouse Playhouse. 10.15 An Englishman's Journey: First in series of three films with J.B. Priestley. 10.40 Matthew's American Adventure. 11.30 News on 2. 11.35 Midnight Movie: "The Wooden Horse" starring Leo Genn, David Tomlinson and Anthony Steel.

LONDON

9.00 a.m. Keep up with Yogi. 9.25 Saturday Scene. 9.30 Cartoon. 9.55 Junior Police. 10.05 Clapperboard. 10.20 Clue Club.

ITV

9.05 a.m. Wake Up to Yogi. 9.30 a.m. Home for the Future. 10.00 Ten on Seven. 10.15 a.m. The Goodbye Tour. 10.25 a.m. The Goodbye Tour. 10.30 a.m. The Goodbye Tour. 10.35 a.m. The Goodbye Tour. 10.40 a.m. The Goodbye Tour. 10.45 a.m. The Goodbye Tour. 10.50 a.m. The Goodbye Tour. 10.55 a.m. The Goodbye Tour. 11.00 a.m. The Goodbye Tour. 11.05 a.m. The Goodbye Tour. 11.10 a.m. The Goodbye Tour. 11.15 a.m. The Goodbye Tour. 11.20 a.m. The Goodbye Tour. 11.25 a.m. The Goodbye Tour. 11.30 a.m. The Goodbye Tour. 11.35 a.m. The Goodbye Tour. 11.40 a.m. The Goodbye Tour. 11.45 a.m. The Goodbye Tour. 11.50 a.m. The Goodbye Tour. 11.55 a.m. The Goodbye Tour. 12.00 p.m. The Goodbye Tour. 12.05 p.m. The Goodbye Tour. 12.10 p.m. The Goodbye Tour. 12.15 p.m. The Goodbye Tour. 12.20 p.m. The Goodbye Tour. 12.25 p.m. The Goodbye Tour. 12.30 p.m. The Goodbye Tour. 12.35 p.m. The Goodbye Tour. 12.40 p.m. The Goodbye Tour. 12.45 p.m. The Goodbye Tour. 12.50 p.m. The Goodbye Tour. 12.55 p.m. The Goodbye 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Your savings and investments

A choice of band wagons

BY CHRISTOPHER HILL

THE setback towards this week, the stock market has been displaying signs of optimism to the average investor. Neither he should be on the bandwagon nor too late. Alternately, he may wonder whether it is just in time to bear of downturn. If, no one can tell, on fixed interest is much more common when other people are losing money in than when they are. So at this stage it is to see what the investment managers are always have one eye both on the and what the competition is doing. However, one obvious from a U.K. — no one is going efficiently patriotic to go of the Jubilee come what may. It is does not mean that devoid of optimism — it is able that whereas a exercise a month ago cautions forecasts of a downturn and a breakthrough of the in the F.T. Ordinary year-end, expects a now rather higher. At managers especially be fairly fully invested U.K. market and are for further gains over the medium term (to the medium term) (to the medium term) whatever might happen the short-term. Holding this view, he still favours the Income and Extra of Britannia and Mark of Allied Hambro — text but would switch his

who have both seen a lot of action in both bull and bear markets — are more convinced that the fundamentals are right for a further rise in the market. Their only proviso is that they are worried about the rate of inflation. Mark St. Giles reckons that the smaller companies now have better prospects than the "blue chips" and believes that the group's two smaller companies funds still have the best prospects in what seems to be a genuine bull market. Similarly Brian Banks' mainly favours the Assets Trust (which is now getting the benefit of an improved flow of bids) and the Status Change Trust which is mainly geared to small companies.

Others in the unit trust field are looking at what is happening across the Atlantic as well as the situation in the U.K. Bill Hilling of Barclays Unicorn is going for 500-550 on F.T. Ordinary Index over the U.K. market and is also keen on Wall Street which he hopes will be "going up as well". Holding this view, he still favours the Income and Extra of Britannia and Mark of Allied Hambro — text but would switch his

attention to the Capital Trust if the U.S. market did break into new ground. This feeling seems to be shared by Roger Kitson of Hill Samuel who is by no means pessimistic of the U.K. (the funds are in a fully invested position), but would go for the Hill Samuel Dollar Trust as a winner for the rest of 1977. This is bearing in mind the historic relationship between the U.S. and U.K. markets — on a straight rule of thumb the U.K. market now seems to be relatively dear.

This leaves the pension funds and the life assurance companies, which are always keen on making predictions than the unit trusts. One leading Scottish company was still cautious about equities (and had been a net seller in the first quarter of this year) but liked the financial sector and some overseas traders. Similarly a nationalised industry's pension fund thought that the equity market was unlikely to go up much further, but, within this context, favoured the bank and life assurance sectors.

Unit holders who stuck with their holdings have mostly done well over the past six months if they were in U.K. orientated trusts, but this did not stop the level of repurchases reaching a crescendo in March. Fortunately the main outflow seems to have stopped, for repurchases in April were down by £7.4m. This has cheered up the managers and ought to please unit holders who kept their nerve. No one likes being in an investment which other people do not seem to want.

Floating bond

THE GOVERNMENT is now ready to unveil its new gilt concept — the floating rate bond — and this is scheduled to appear next Friday. But beyond indicating that the tranche will be \$400m, it is keeping most other details under wraps like a Paris spring collection. Indeed the authorities still have to do some tidying up concerning the actual marketing of the bond. It is not going to be sold by public offer, but released to the market like a "tap" stock. So investors interested in acquiring these bonds will have to purchase through a stockbroker.

What are the attractions of a floating bond for the individual investor? Almost all the discussion has dealt with its place in institutional portfolios, especially building societies, discount houses and banks. Any stock which extends the choice available to the investor is to be welcomed, but investors should not plunge into this new bond just for the novelty. Like any other investment decision, the pros and cons must be assessed.

Primarily, floating rate bonds preserve capital values in money terms by linking the interest paid at any time to current levels. Therefore they are suitable for the liquid portion of a portfolio and are an alternative to bank deposits, building society investment and short-dated fixed interest stocks. They are not likely to be attractive to higher rate taxpayers, who, in general, need capital gains rather than income. But the minimum size of holdings, yet to be announced, may put it outside the range of most standard rate taxpayers — the minimum denominations for Treasury Bills is £10,000.

Because of the floating rate, these bonds will be most attractive at a time when interest rates are expected to rise. At present rates are stable with pressure for further reductions — a propitious time for the authorities to experiment with an unduly disturbing the market, but not favourable for individual investors, who under current conditions would be better off in local authority yielding bonds. But in the right circumstances, this bond could find a place in the portfolio of a more cautious investor.

ERIC SHORT

BOTH THE heavy and general engineering indices have been registering new all time highs this week, but the question now is whether the underlying trading pattern really justifies such enthusiasm.

For the most part results for 1976 revealed a good performance considering the depressed home market and pressure on margins. However there was the exceptional help from sterling's weakness, which allowed the U.K. industry either to improve its competitive position or squeeze a bit more out of its profit margins. Then there were some windfall profits from converting overseas assets into sterling values, but the sector cannot look to these factors a second time. Nevertheless the current market ratings are roaring ahead on high hopes for 1977.

Expenditure on plant and machinery in the U.K. has been falling for the past couple of years in real terms, but there are definite signs of a recovery, with net new orders up some 25 per cent in volume terms over the last four months of 1976. The market may not be convinced by some of the more optimistic forecasts to emerge from the Government and CBI, but a real increase in capital expenditure of 10 per cent, widely expected. Admittedly this is coming from a low base, but this recovery would mean that the engineers would enjoy a faster rate of expansion than

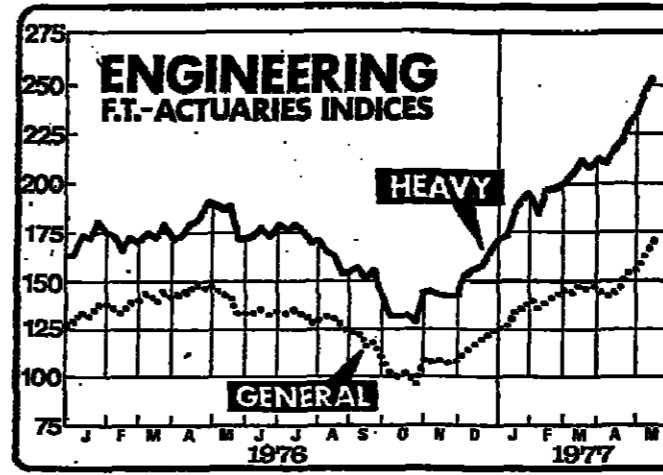
LIFE COMPANIES are now making a conscious effort to project their image and to explain the need for their products to a public that still remains sceptical of all insurance and they are using a variety of methods to do this. Recently, Legal and General Assurance launched its new TV campaign stressing the need for protection. On Wednesday, the Scottish Provident Institution — of the McCann, McShrew, fame — held its annual Press seminar, this time in London.

But the objective this year was not to spell out how wonderful SPI is — McShrew does this job very effectively — but to inform journalists and therefore, hopefully, the public of the problems facing the life assurance industry and what it was doing about it.

What I found most informative was the exercise done by William Scott, the Secretary of SPI on the expenses of traditional life assurance and its comparison with linked-life business. He was out to destroy the myth that because the expenses of linked business are

Hard to match

BY TERRY GARRETT



the economy overall — which increase their productive is what the market is getting so capacity.

Engineers are also looking to the motor industry with confidence. U.K. passenger car production fell by as much as a third from the 1972 peak to 1975, but in 1976 there was the hint of a recovery (with a 5 per cent rise in output) and the outlook is for further recovery in this year and next despite the problems at Leyland which hit ordering new equipment from the first quarter. Commercial vehicle production is also starting to recover after a steady decline since 1973.

Overseas demand was one of the major growth sectors for the engineers in 1976, and provided the real push behind the recovery in new orders. But this year sterling has stabilised and a continued high rate of U.K. inflation could undermine the industry's competitive position. That apart, the world economic recovery is getting off to a slow start and orders from the U.S. are looking decidedly patchy.

Sill brokers argue that there is a fair chance that the U.K. can increase its slice of the French and German markets and expand in areas such as the Middle East and Nigeria.

If the outlook for sales volume in 1977 is encouraging, it is even better for profits. Most of the engineering groups have faced tighter margins — for example steel costs have risen 70 per cent in three years — but once demand really gets under way they will be able to recoup some of the price rises that they have had to digest on their own until now. Already estimates are abroad of an overall increase in sector profits of a fifth in 1977.

That may not be much more than the rise in the corporate sector as a whole. But the engineers have been the poor relation in the stock market for so long that even after the 55 per cent rise in the heavy engineering index so far this year the ratings are still below average.

Food for thought

Contract	ESTIMATED EXPENSES expressed as a percentage of premiums		
	Annual	10 years	20 years
SPI	11	11	9
M & G	12	19	19
Scottish Widows	12	16	15
Hambro Life	25	19	15
* Unable to estimate			

quantifiable, they must of necessity be lower than those of traditional life business life companies, traditional and where investors do not really linked.

Mr. Scott suggests that these figures provide good evidence that traditional with-profits business is much less expensive to administer and the difference was most marked for the smaller endowment, M and G's Trust premiums. But some of his assumptions need more detailed consideration.

What did surprise me at this seminar was the attack made by Peter Bullough, the agency manager, on the proposals for the registration of brokers. He seems to think that they will result in an elitist club of some

3,000 brokers, comprising the present members of the four broking organisations and that the other 6,000 individuals who at the moment call themselves brokers, but belong to no professional body will be out in the cold.

But the BIBA's registration will not put anyone out of business, only bring some kind of standards into an industry that hitherto has operated without any form of control. Admittedly the Government's proposals ultimately envisage insurance being sold either by brokers or by full- or part-time agents of insurance companies, and Mr. Bullough seems to fear the demise of the accountant, solicitor and similar part-time agents in the reorganisation. But surely it is up to these groups to accommodate themselves in the new system or press for a fourth class. Instead he wants the registration to be all embracing so that virtually everyone can qualify. This is not the solution to the present problem.

ERIC SHORT

School fee problems

TRICACIES of tax legislation have long been a cause for concern among school fees and C. Howard and his latest experience illustrates this very well. When first launched its education Trusts scheme in January 1976, it raised it as having par attractions for the rate taxpayer. Howard advised that by assigning annuity on the policy to trustees (Lloyds Bank) than the school (the Trustee scheme) the school would be free of any higher rate tax on annuity payments. However, the Inland Revenue has recently been successful in its purchase of a PET does institute an irrevocable one of two. This means that

under a PET, even when no higher rate liability exists, standard rate tax is chargeable on the interest element of annuity payments. Under the SIFA and Save and Prosper Plans the annuity payments are tax free. Howard claims that the PETs have been deliberately designed to operate in the event of the charitable status of schools being abolished. If this happened there could well be a significant shortfall in the savings offered by SIFA and Save and Prosper although SIFA argues that the possibility of this happening must be remote. Moreover, if it did occur, the whole private education system might be so damaged that it would probably be unable to survive anyway.

BY TOM KYTE

Diamonds Know them, love them, keep them

Diamonds are stunningly rare and hard. And some of the women who lectured in them, they are a great deal of understanding. That really is what it is all about. It tells you how to seek a diamond, because there are no signs to be had for the diamond in the maze of the diamond but it can tell you what is getting for your money. Two diamonds are exactly the same. Before they are cut and set into sparkling gems, rough stones are handled by experts into some categories. At the jeweller's counter, however, the buyer can turn to what is called the "four C" system: Carat, Colour, Clarity and Cut. Weight. Something in the region of 100 tons of ore to be mined in order to produce a rough stone that can be polished into a gem. There are 142 carats in a gram and 100 points to a carat. Diamonds, like any superior stone, are cut down to a size. They come in the best of suits and so on an range up from a little point through any number of points to one carat and above.

Colour. Virtually all diamonds are coloured, but for the most part this amounts to no more than a hint of yellow, gold or brown which is barely discernible to the naked eye. Occasionally, however, they are without imperfections (known as inclusions), such as tiny carbon spots. Here again, the naked eye can rarely discern such imperfections and where they do not interfere with the passage of light through the stone they do not affect the beauty of the stone. But they have a bearing on its cost and a completely flawless stone is very valuable.

Clarity. Very few diamonds are without imperfections (known as inclusions), such as tiny carbon spots. Here again, the naked eye can rarely discern such imperfections and where they do not interfere with the passage of light through the stone they do not affect the beauty of the stone. But they have a bearing on its cost and a completely flawless stone is very valuable.

flash back the colours of the spectrum and also reflect surrounding colours.

The overall value of a diamond thus depends on the blend of the four Cs. Jewellers put the overall blend into five categories. The first is described as clean and pure with the only imperfection (called pique) being barely visible under a 10 times magnification. Next comes VVS, or very, very slight imperfection; VS, very slight; I1 Pique and finally I2 Pique.

To give some idea of the way the price varies from grade to grade let us take a stone of 50 points. If it is in the second it might cost when set in a simple gold ring, or shank, around £1,900.

This compares with about £500 for the low 5th grade 2nd Pique diamond, allowing with a visible tinge of yellow. In each other in the drawer or practice, the better-class jeweller

lers will not stock such cheaper stones although they can still be very attractive in the right setting.

As far as weight is concerned, a large diamond costs much more than a similar weight of smaller stones, mainly because it is rarer. For example, you might expect to pay around £1,600 for a VVS solitaire of 50 points, whereas a VVS of 1 carat would cost something like £4,250. We are talking of quite large stones, of course, and smaller good stones which are just as beautiful can be had for well under £500.

How do you buy your diamond? Basically it is a question of trust in your jeweller, who should know more about valuing a diamond than you can. Like most other things, you get what you pay for and the safest bet is to go to a well-established jeweller. Then pick the piece that you can afford, concentrating not on size but on quality and, well, what you really like.

Insure your purchase, wear it and enjoy it. Once every year, or so, get the jeweller to check the security of the diamond settings and if you are lucky enough to have several pieces of diamond jewellery make sure that they do not rub against each other in the drawer or case; diamond is the hardest

substance known to man, but one diamond will scratch another.

Occasionally clean the stones with a very soft brush in a mixture of household ammonia and soap suds, or use detergent, then rinse them in lukewarm water. Afterward, dip them in surgical spirit to remove soap film and drain them on tissues.

Finally, should you buy a diamond as an investment? It is true that they remain a store of value and that over a period of years they may well appreciate in value. Certainly the rarer and hugely expensive diamonds have shown an impressive capital appreciation over recent years.

For most of us, however, whose projected purchases is not going to call for a second mortgage, there are easier ways of investing money. For a start, only an expert of many years' experience can really value a diamond and even the experts can differ in opinions. Then, too, changing fashions and changes of availability of different grades of stones will also have a bearing on values.

Selling diamonds is a competitive business and so prices in the high street tend to find a fair level. They do, however, contain a retail mark-up which can go to well over 100 per cent as in the case of all jewellery which, after all, has to be financed by the jeweller until it is sold.

And as with everything else when it comes to selling second-hand, the trade buyer tends to take, shall we say, a more flexible view of the mark-up when he is buying back. In all, then, don't buy diamonds in the hope of making money.

Your diamonds will never wear out, they will always be beautiful—even the tiny five-point stones which also have 58 facets. As De Beers says, they are for ever. Far better that they should be worn and admired than left sadly in the darkness of a bank deposit box.

KENNETH MARSTON

Isn't it time you considered commodities as part of your well-balanced portfolio?

If your investments have so far been limited to your house, shares, an insurance policy and a Building Society, you might like to consider the comparative benefits of an investment in essential raw materials and commodities for capital appreciation.

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Prudently managed commodity investments, however, by Globe's skilled specialists have produced satisfactory results for many clients in the past. Not surprisingly, you may think, during a recent 18 month period when the price of cocoa beans rose from £580 to £830 per ton and coffee beans from £740 to £4200 per ton.

Although price movements of this kind can be most profitable, they are not necessarily indicative of future price movements or profits and it is important to realise that prices can become depressed on occasions. The returns from commodity investments have, however, shown—in both rising and falling markets—that they can provide better than average opportunities for surpassing the inflation rate we have come to expect in this country.

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pending The sound of pips squeaking

OF US need reminding of living standards have crept over the last year but sometimes our incomes are different from the economic indicators is happening because of the effects of inflation. Most people just do not realise that inflation is not in real inflation adjusted or in the 1970 prices as in the 1970 prices. But have been simple re- over the last week of the extent of the squeeze is of exactly where it is into expenditure. Total amount available ending actually held up their longer than many assumed. For instance, personal disposable income—what is left after but adding in social y and other benefits and ng for inflation—reached k at the end of 1974 and 1975.

The middle of last year disposable income per head had fallen by 3 per cent. This level through the year of many people, particularly in the higher tax is, was significantly worse

than this. There was a distinct redistribution in favour of the lower paid, women and other groups of the poor.

The fall in disposable income has been much greater since last summer with the latest official figures, for the final quarter of last year, showing a drop of over 5 per cent from the peak figure. And this week's figures on prices and pre-tax earnings indicate that the fall has continued. This has occurred even though average earnings have risen faster than originally forecast in phase two of the pay policy.

There has not been a proportionate fall in consumer spending since households have cut into their savings. However, in the last few months people have been adjusting to the fall in real incomes by reducing their spending. The volume of retail sales, for example, fell by 4 per cent in the February-to-April period compared with the previous three months and is now running at the lowest level for about five years.

Consumer spending as a whole tends to vary rather less than retail sales since expenditure on housing, fuel and light is tied much more by fixed commitments of various kinds like mortgage payments, which cannot be altered as much in the short term as some items of spending in shops. However, even consumers' expenditure was 2 per cent down in real terms in the first three months of this compared with the last quarter of 1976. However, the underlying trend may be slightly exaggerated since there was some precautionary buying of alcohol and durable goods ahead of the December minimum budget.

Consumers' spending (both in total and per head) is now more than 3 per cent below the peak level touched both at the end of 1973 and at the beginning of 1975 when wages were rising rapidly. This is a very large fall by the standards of the post-war period when people have become used to a steady rise. The fact that this year looks like being the fourth in a row when spending will

be lower in real terms than in 1973 has wide-ranging social and political as well as economic consequences.

If the detailed spending figures for the first three months of this year, announced by the Government on Thursday, are compared with what was spent in late 1973 and early 1975, the pressures can be seen clearly. The largest drop on both comparisons has been in spending on durable household goods—the obvious area of discretionary spending where adjustments can be made. There has been an 11.5 per cent drop since the end of 1973 in real terms and 8.2 per cent over the last two years.

The other sharp drop has been in spending on food, drink and tobacco—down about 4 per cent over both periods. The tightest squeeze has been on drink and tobacco, but the retail sales figures point to a sharp drop in spending in food shops in recent months, partly because of trading-down.

These declines have been partly offset by a rise in expenditure on housing, fuel and light —up nearly 3 per cent since

the end of 1973—and on clothing and footwear, up 5 per cent over the longer period. But perhaps the most surprising increase has been in expenditure on cars and motor-cycles where there has been a rise of over 8 per cent since 1973 and of over a fifth in the last years. This is by comparison with a period when car sales were depressed and if comparison had been with early 1973 and 1972 a decline would have been shown.

This is hardly a particularly comforting tale for a Saturday morning, and what is more few economists expect a sustained recovery until next year. However, one of the most bullish specialist forecasters in this field, Staniland Hall Associates, has recently projected a rise of approaching 4 per cent in consumer spending volume in 1978 so that 1973 levels will be at least regained and passed with buoyant levels of demand for durables, clothing, alcohol and leisure goods. The retail trade will, no doubt, believe this when it sees it.

PETER RIDDELL



Finance and the family

Damage from faulty machines

BY OUR LEGAL STAFF

Water leaked from the flat above and damaged my kitchen, because of a faulty washing machine belonging to the owner of the flat. The tenant of the flat has gone. Do I have a claim against the owner?

Unless the flooding was caused by a defect in the machine (rather than by any error or fault in the operation of the machine) we think that no claim would lie against the owner of the flat and machine. If the fault was in the machine it would then be a question of whether its owner knew or ought to have known of the fault, or was negligent in failing to have the machine inspected, serviced or repaired.

Aggregation for CTT

I am remainderman of a trust set up by my late father, whose life tenant has recently died. Is it correct that the trust has to be aggregated with the life tenant's estate for purposes of capital transfer tax and that a proportion of the latter will be accountable out of the trust's funds? It is correct that the value of the trust fund must be added to

that of the life tenant's free estate to ascertain the charge to Capital Transfer Tax; and also that it is the full value of the trust fund that falls to be so treated. The whole fund will then bear tax at the appropriate rate as part of the combined free estate and fund.

Unwanted flat services

Under Estimates for Works (April 2) you quote Section 91A of the Housing Finance Act, 1972, in a reply dealing with the cost of flat repairs. Our problem is services. The five long leaseholders in this building have unanimously informed the managing agents that they no longer require heating or porterage. Can the agents refuse our request and continue to charge us? The matter is complicated by the existence of two other flats currently left unfurnished as to which the landlord has a statutory duty to maintain services. What do you think? The position is unhappy not by any means clear, partly because of the obscurity of the language used in Section 91A of the 1972 Act. You could argue that it is not reasonable

to supply services which the tenants have expressed themselves not to want, and that the section enables you to resist paying unreasonable charges. However, we think that this can only apply where all tenants, of whatever tenure, are in agreement. We do not think you would be justified in law in seeking to apply a separate rule for long leaseholders if the terms of your lease make no such distinction.

Outside the rent acts

I refer to your reply under Outside the Rent Acts (March 26). The terms of Section 101 of the Rent Act 1968 which are repeated in Section 118 of the Rents (Scotland) Act 1971 would appear to be so wide that they cover all cases of shared accommodation, whereas your reply would appear to suggest that where the kitchen is a living room the Rent Acts will not apply. Can you give any authority for this view?

The authority for our view is a long line of decided cases which are reflected in the fact that Sections 101 and 102 of

the Rent Act 1968 are designed to bring into some statutory protection cases where the accommodation would otherwise not come within the Rent Acts. Thus a tenancy which gives the tenant use of a shared WC or of a shared kitchen which is a living room would be within the ambit of Section 101 or Section 102 because it would otherwise not be within the Rent Acts at all.

Life interest in a house

My stepfather left his estate to my stepbrother and sister, with a life interest to my mother. Under a deed of family arrangement I have suggested that my mother should give part of the £40,000 house she lives in to the value of £13,500 to the remaindermen. Should a formal valuation be prepared retrospectively, as at my stepfather's death? Would the partial joint ownership have to be registered and varied if my mother gave, say, further portions of the house up to £2,000 per annum? Would annual valuations of the house be required? Are there snags? We do not understand your proposal to give "part of the house" to the remaindermen. If it is proposed to release part of her life interest therein, then she would probably need to pay a rent for 27/80ths of the house

on her assigning that proportion of her life interest, and so on where further assignments are made. She might do better to agree with the remaindermen to determine the trust and split the fund on a formal valuation. The share attributable to her would then not attract Capital Transfer Tax. A formal valuation is desirable if you are to effect any form of redistribution; but there is no register in which registration would be necessary or appropriate. If your mother continues to live in the house without paying any rent there would probably be no tax advantage in the scheme which you postulate.

Not outside jurisdiction

In the event of a marital breakdown would money which, I presume, I could legally invest in the Channel Islands, be outside the jurisdiction of the English Courts? You can do as you suggest; but that would not prevent the English Courts from making an order based on your full true income, so long as the English Courts have jurisdiction in the matrimonial cause.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Insurance

The letter of the law

BY JOHN PHILIP

HAVE A LOOK at any of your personal insurances, and you will find, probably among the conditions, insurers' instructions as to how you are to behave if you wish to have their protection after an insured misfortune has occurred. And the first point to notice is whether there is any specific time limit attached to the taking of any specific action, for while most claims conditions do require notification by such phrases as "immediately" or "as soon as possible" or "as soon as reasonably practicable" some are more stringent demanding notification within a specified time, say, seven days.

In strict law, failure on the policyholder's part to comply with the precise wording of such clauses puts him in peril of not having his claim accepted by insurers, whatever the reason for delay. In practice, most insurers have for a long while had regard to the reason for delay and have given the policyholder more than reasonable tolerance: the question insurers have asked themselves is: "Have we been prejudiced in our handling of the claim by the policyholder's delay?" For the most part, the only occasions on which time limits have been

always strictly applied are those relating to transit or passenger claims, where the carriers' conditions of carriage demand that such claims must be made within a very limited time. These aspects of claims handling are emphasised in the claims section of the recently published British Insurance Association—Lloyd's Statement of Insurance Practice. So far as private non-life insurance is concerned the BIA and Lloyd's say: "Under the conditions regarding notification of a claim the policyholder shall not be asked to do more than report a claim and subsequent developments as soon as reasonably possible except in the case of legal process and claims which a third party requires the policyholder to notify within a fixed time, where immediate notice may be required."

So what has been the practice of the majority is now to be the practice of all BIA member companies and all Lloyd's underwriters. But the words "as soon as reasonably possible" do not give the policyholder all the time in the world to make his claim and under the new statement of practice if he delays unreasonably he may still find insurers refusing protection.

Another clause in the claims section of the statement of practice deals with insurers' right to refuse protection on the grounds of breach of warranty or condition. Nowadays very few personal policies are written subject to warranties, though I suppose there are some household policies that are endorsed with burglar alarm or anti-crime protection warranties in such terminology as "warranted that at any time when the home is left unoccupied the burglar alarm is set and operative."

If my household policy has such a warranty and I fail to comply when I take my family away for the week-end, in strict legal theory, my insurers are entitled to refuse to pay for the fire damage that occurs while we are out, even though my failure to set the alarm was utterly unconnected with the fire.

While warranties nowadays are few, conditions abound. For example, in almost every motor policy there is a condition which requires the policy-

holder properly to maintain the insured car in an efficient and roadworthy condition. Suppose my car is fitted with tyres which have insufficient tread, so that I am in breach of the Construction and Use Regulations and suppose that my car is parked safely as close to the curb as may be outside my house, when it is struck and severely damaged by a hit and run driver who then disappears. By using my car on the road (parking is legally using) with the breach had positively to my policy condition and strict my insurers are entitled to reject my claim for damage repair even though the tyres in no way contributed to the accident.

Whatever strict legal theory in practice few insurers have taken this hard line on proof of breach of warranty or condition, unless it is clear that the breach had positively to do with the claim: for example, the failure to set the burglar alarm had been followed by break-in that might well have been circumvented if the alarm had deterred the thief, or again that the thin tyres had led to the car skidding and sustaining damage when the brakes were applied on a wet road.

The new statement of practice says "except where fraud, deception or negligence is involved, an insurer will not unreasonably repudiate liability to indemnify a policyholder on the grounds of breach of warranty or condition where the circumstances of the breach are unconnected with the claim."

Because in the day-to-day practice of marine and aviation insurance, warranties and conditions have always been treated strictly, this particular part of the statement of practice does not apply to marine or aviation policies. There can be many aviation policies that are within the scope of the statement because it applies to policyholders "insured in the private capacity only." I there are many thousands of personal small craft policies all kinds of boats from sail dinghies upwards. So the small craft policyholder must continue to observe the strict letter, any warranties or conditions, pain of having his claim refused for breach, whether or there is a cause or connection between the breach and the claim.

MICHAEL DIXON

Education Dutch courage

DIALOGUE of the deaf is Mrs. Shirley Williams' term for what took place between educators and industrialists during the Education Secretary's recent regional conferences, and I have to confess that in discussions with educational experts both they and I sometimes have difficulty in understanding what the other is getting at.

But there was no such problem the other week when I and four other journalists travelled around holding discussions on various educational intricacies with the officials and teachers directly concerned. They happened to be Dutch but they (and the other people such as coach drivers I met) all spoke clear and usually rapid English. And one of the complaints they fairly frequently expressed in it was that there was too little flexibility in the Netherlands school curricula.

It seems that academically bright pupils in Holland tend

to study Dutch, mathematics, English, French, and German at standard. So in contrast to their British counterparts among whom even one foreign language can apparently no longer be regarded as the rule, the Dutch have precious little room in their schooling for less skill-centred, more contemplative subjects.

At first we were sympathetically impressed by this contrast. After hearing the complaint for the fourth or fifth time, however, the Scotsman in our party suddenly said to the company at large: "You Dutchmen are all products of the inflexible curriculum, whereas we British here are products of a flexible one. So answer me this. What by way of general education have we gained, that you have missed?"

But answer came there none, because even in English our hosts consistently showed a level of general education at

least as good as ours.

If I am any guide, readers with the shame of monolingualism (though perhaps not after studying French to GCE Advanced level and Russian by courtesy of the Royal Navy) are liable to be sore troubled by that question. Three weeks of wondering later, I am still at a loss for a plausible defence against the charge of being educationally inferior to the equivalent but, let alone quadrilingual Dutchman.

The only answer offered by my acquaintance—and I have not asked the self-satisfied multi-lingual elements—was: "Well, the Dutch are more unimaginative than us, aren't they?" But that view was the opposite of a comfort. Whether my friend got it from his own particular version of the flexible British curriculum, I cannot tell, but it does rather smack of a stereotype. A nation even now of fewer than 14m. people

which stands credited with Rembrandt, Vermeer and Mondrian, to name but three, surely cannot fairly be called unimaginative.

It is true that in educational matters they are less dashing than we are, perhaps because it is apparently inconceivable that the Netherlands could have a Government whose Ministers share the same ideology. A change to comprehensive secondary schooling, for example, is the aim of the outgoing Government and of any successor likely to emerge from next week's general election. But first the Dutch are using just a few schools to submit the comprehensive idea to tests which may well continue until 1985. Then if tests are acceptable, the whole secondary education system will go comprehensive all at the same time. Meanwhile, Dr. Jos van Kemenade, the outgoing Labour Minister of Education and Science who is also a Roman Catholic, is sending his two eligible children to schools involved in the comprehensive experiment.

If that is unimaginativeness, I, having long observed the alternative British manner of going comprehensive, nevertheless feel sure we could do with more of it here. I feel even surer that we could do with far more inflexibility on the Dutch pattern in our schools' curricula, with particular reference to foreign languages.

The one proviso is about how they are taught. The thousands of former French students who can quote the odd line of Racine but scarcely speak a coherent French sentence, and the thousands of former German students who can quote the odd line of Goethe but scarcely speak a coherent German sentence, are evidence enough that the old literature-directed teaching of grammar-school type is largely ineffective. The emphasis in future needs to be on teaching the languages as an everyday means of communicating with and learning about the people of other countries, which means speaking them continuously in the classroom and starting in the primary schools. It also means setting out to produce new kinds of teachers, which would be a difficult and

Chess

WHATEVER happens to the nuances of the Polugaevsky-Sieilian or the Modern Benoni in grandmaster tournaments, there are a large number of average club players—they may even amount to a chess silent majority—whose real interest in top-notch openings is limited to the classical king's pawn games with 1 P-K4. I came to realise the strength of this preference some years ago after writing the "Guardian Chess Book" (now out of print and unavailable) whose main theme was to provide a basic repertoire

for the busy club player with little time for concentrated study.

One recommended opening in the book was the Scotch or Goring Gambit 1 P-K4, P-K4; 2 N-K3, N-Q2; 3 P-Q4, P-Q4. For letters and requests for further articles and information about the Scotch out-numbered queries about all the other openings by around 4-1, and in the late 1960s the Scotch Gambit became fashionable in junior, club and county chess.

I would not recommend it today. However, the principle that king's side open games are easy for the club player to understand and practice remains a sound one. Thus the appearance of the position and take a losing option.

East should have made a different return at trick five. If, for example, he leads the club eight, West will know, when hearts are led later, that he is not expected to duck. This will put the declarer down. In the unlikely event that West has King and Knave of hearts, the switch costs nothing.

Now for the second hand, dealt by South at game all:

N ♠ 9 6
♥ K J 5
♦ Q J 10 8 6
♣ 10 8 6

W ♠ K 10 7 5 4
♥ A 8 3 2
♦ Q 6 4 3
♣ A 2

N ♠ 9 6
♥ K J 5
♦ Q J 10 8 6
♣ 10 8 6

W ♠ K 10 8 8
♥ Q 8
♦ A 10 9 4
♣ Q 10 3

South's opening bid of one no trump was passed all round, and West led the spade five. East's Ace dropped the declarer's Knave and the return of the two dropped the Queen. West won with the King and took stock. He could count seven tricks in defence—five spades, one diamond, and one club. But there was a danger that, unless East returned a club early in the proceedings, the declarer would get home with four diamonds, two hearts, and a club.

At this point an average West leads the spade four, with the result that East will win and automatically return his last spade. But a West, who can spare a thought for his partner, will lead the seven of spades before he leads the four. Then East will be in the lead with no spade left in his hand, and cannot fail to make the winning club switch.

Rubens' tip is: Honour Thy Partner. Show that you can treat his problems as your own and help to solve them. That is true partnership co-operation.

E. P. C. COTTER

Bridge

TODAY WE examine the final entry in the Bols Bridge Tips Competition, devised by the International Bridge Press Association and sponsored by the Bols, the famous Dutch liqueur company. The two hands contributed by Jeff Rubens, the well-known American international, are concerned with partnership co-operation in defence.

A player, says Rubens, should be alert to his partner's problems as well as his own. Once the problem is seen, it is generally a simple matter to take adequate protective measures. This hand teaches a valuable lesson:

N ♠ 10 9 8
♥ Q 8
♦ A 10 9 4
♣ Q 10 3

W ♠ A Q 7 3
♥ A 6
♦ K 7 5 2
♣ 8 6 5

N ♠ 10 9 8
♥ Q 8
♦ A 10 9 4
♣ Q 10 3

W ♠ A Q 7 3
♥ A 6
♦ K 7 5 2
♣ 8 6 5

With East-West vulnerable South dealt and opened the bidding with one club. North replied with one spade, and raised the opener's rebid of one no trump to three no trumps. West led the heart seven, dummy played the nine, and East won with the Ace.

In actual play, giving no real thought to the position, East returned his other heart. Naturally enough, West ducked, trusting East to have a third heart as well as a card of entry. Now, East will be in the lead with no spade left in his hand, and cannot fail to make the winning club switch.

misread the position and take a losing option.

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Now for the second hand, dealt by South at game all:

N ♠ 9 6
♥ K J 5
♦ Q J 10 8 6
♣ 10 8 6

W ♠ K 10 7 5 4
♥ A 8 3 2
♦ Q 6 4 3
♣ A 2

N ♠ 9 6
♥ K J 5
♦ Q J 10 8 6
♣ 10 8 6

W ♠ K 10 8 8
♥ Q 8
♦ A 10 9 4
♣ Q 10 3

South's opening bid of one no trump was passed all round, and West led the spade five. East's Ace dropped the declarer's Knave and the return of the two dropped the Queen. West won with the King and took stock. He could count seven tricks in defence—five spades, one diamond, and one club. But there was a danger that, unless East returned a club early in the proceedings, the declarer would get home with four diamonds, two hearts, and a club.

At this point an average West leads the spade four, with the result that East will win and automatically return his last spade. But a West, who can spare a thought for his partner, will lead the seven of spades before he leads the four. Then East will be in the lead with no spade left in his hand, and cannot fail to make the winning club switch.

Rubens' tip is: Honour Thy Partner. Show that you can treat his problems as your own and help to solve them. That is true partnership co-operation.

E. P. C. COTTER

ance of "The Scotch" by George Botterill and Tim Harding (Batsford, £4.25) is an important event, since this opening, in the classical form recommended by the authors of 1 P-K4, P-K4; 2 N-K3, N-Q2; 3 P-Q4, P-Q4. NXP is the most promising version of the open game available on current theory.

White's tactical opportunities form a major theme of this well researched and lucidly written book. As acid but rarely mentioned test for any chess opening specialist is how he succeeds with his own system in his own games. By this yardstick, the authors of "The Scotch" pass with flying colours. Appropriately, both are among the leaders in the £250 Cutty Sark Scotch Whisky Prix: while in recent months George Botterill has won first prize in the Islington Open and in the Walbrook Insurance tournament at Birmingham, he also achieved an international master norm in the latter event. Both authors play the Scotch frequently, so this week's pair of games serve both to demonstrate the promise of this opening and to update the book.

White: G. S. Botterill. Black: Dr. O. Penrose. Opening: Scotch Game (Islington 1976). The opening moves were 1

P-K4, P-K4; 2 N-K3, N-Q2; 3 P-Q4, P-Q4; 4 NXP, N-B3; 5 N-N3, N-P3; 6 P-K3, Q-K2; 7 Q-K2, N-Q4; 8 N-Q2, N-W2.

Obvious: 7 The Scotch recommends 8 N-N3; 9 P-Q4, Q-K3 with about an equal game. 9 N-B3, B-R3; 10 P-Q4, P-Q4? (A theoretical mistake; Black has to try P-Q4); 11 P-Q3; B-P3; 12 Q-Q1, B-B3; 13 K-B, N-R3; 14 Q-R4, N-N1; 15 B-N5 (White is still happily following his own colour). Q-Q2; 16 P-R3; P-Q4; 17 R-K1; 17 N-K5, Q-Q3; 18 Q-K4, resigns.

If 18...B-K2; 19 Q-B7 ch, K-Q1; 20 Q-NP, R-K1 (else N-B7 ch, forks king and queen); 21 QxR mate.

White: T. D. Harding. Black: R. Fransson (Switzerland). Opening: Scotch Game (European postal championship semi-final 1976-77). The opening moves were 1

P-K4, P-K4; 2 N-K3, N-Q2; 3 P-Q4, P-Q4; 4 NXP, N-B3; 5 N-N3, N-P3; 6 P-K3, Q-K2; 7 Q-K2, N-Q4; 8 N-Q2, N-W2.

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If 18...B-K2; 19 Q-B7 ch, K-Q1; 20 Q-NP, R-K1 (else N-B7 ch, forks king and queen); 21 QxR mate.

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If 18...B-K2; 19 Q-B7 ch, K-Q1; 20 Q-NP, R-K1 (else N-B7 ch, forks king and queen); 21 QxR mate.

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the law Motoring



Head-on crashes are fairly rare. The Renault 12 (left) has hit a Renault 14 at 31 mph. A belted driver would almost certainly have survived without serious injury.

DING on whether one is an or an overworked surgeon, the way ent has frustrated o make seat belt wear- pulatory is seen either as ph for democracy or an continuing folly.

are three main argu- against compulsion. First, would be yet another on individual freedom. y, belts are not much a car is run into from came back to meet them. And thirdly, a belted t may be trapped inside at catches fire or falls w water.

d. Any kind of law must individual freedom; he freedom to break eens with your head. e much less effective at ing injury in sideways though frontal impacts ily twice as frequent. is unquestionably more vitors—all had been, belted— suffered nothing more serious than broken ribs.

Confronted with that kind of evidence, could anyone drive without a seat belt? Logic would say no but experience proves otherwise. The "clunk click" campaign made the same kind of point as the Renault demonstration and film. It improved belting-up figures while it was running, but the effect did not last. Propaganda and persuasion helps, but for a seat-wearing breakthrough, it seems as though legislation is essential. Britain now stands almost alone in refusing to legislate, even though an AA survey nearly two years ago showed that 61 per cent of motorists would accept compulsion.

Most car manufacturers' crash resistance and occupant protection testing is carried out against massive concrete blocks. In the last 20 years literally thousands of cars have died in sudden deaths when smashed one of the last to take the obvious step to ensure that they are used.

Belting up means living

BY STUART MARSHALL

But is this the best and most realistic way of evolving cars that will be safer under actual motoring conditions? Renault thinks not. It has established that in 68 per cent of all frontal impacts, one car runs into another. They collide with lorries in 17 per cent, but only 13 per cent are caused by the car hitting anything as unyielding as a 100 ton block of concrete. In all, 70 per cent of frontal contacts are also not head-on, but offset to a greater or lesser degree. So Renault prefers to smash cars into one another or, if a block has to be used, to hit it at an angle rather than directly head-on.

Real life crashes are different from concrete block laboratory crashes because two cars that meet one another offside head-lamp to offside headlamp will slew sideways after impact. The car hitting the block does not. This slewing reduces the rate of deceleration and reduction of deceleration is in essence what safety design is all about. It is why all cars have "crumple zones" in their bodies.

Renault considers that head-on crashes into concrete blocks result in the kind of body deformation rarely met in practice. It does only a limited number of them. Most of the crashes that take place under the arc lights at Lardy are accidents that have been minutely observed and recorded by Renault researchers, in co-operation with the police and hospital authorities.

All of which has made rather morbid reading. No doubt we will fall into line with the rest of Europe one day and compel the wearing of seat belts. It is rather a paradox, really, that Britain was among the first to insist on seat belts being installed in new cars and will be one of the last to take the obvious step to ensure that they are used.

Golf

AN EXTRAORDINARY par-four by John Schroeder last Saturday evening during the Colonial National invitation tournament at Fort Worth, Texas, has caused more controversy in the world of golf here than any incident in years. It brings into sharp focus the exploitation of the rules by modern professionals that is perfectly legal, but, in the opinion of many, against the spirit of the game.

There are two widely differing points of view on the subject of obtaining relief from temporary obstructions such as grandstands, scoreboards, television towers, and the like. My good friend Ken Venturi, the 1964 U.S. Open champion, would like to see a rule decreeing that the golf ball shall be touched by hand only when it is teed-up and picked out of the hole.

So, if a player hit his golf ball beneath or behind a grandstand, he would either have to play it or declare it unplayable and drop another under penalty. Venturi's rule would mean that old adage, "the rub of the green," prevailed.

Officials who have the difficult task of supervising tourna-

The greenmanship debate

ments in which vast sums of money are at stake agree in principle, but maintain that it is just not feasible to play this way for many reasons, some of which are perfectly logical.

If one player is stymied behind a hot-dog stand, for instance, why should he be punished if his partner who has hit the ball 20 yards wider from the tee, has a perfect view of the green? Venturi would argue that this is just the rub of the green. More importantly, the safety of spectators is at stake.

There is little doubt that if lifting and cleaning of the golf ball on the putting green was discontinued play would be slowed dramatically. But the most significant time-saving would occur because players—whom Venturi thinks should know the rules better anyway—would not be forever re-questing rulings in the hope of obtaining relief, often advance-menting spurious and laughable arguments.

Schroeder played with Chi Chi Rodriguez and Roger Maltbie on Saturday, and the trio asked for and received no less than nine rulings. Their progress was so slow that Ben Crenshaw, playing immediately in front, was able to watch the incident on television in the clubhouse.

Many would say, and I am one of them, that the modern professional is asking for and obtaining so much relief that he is making a mockery of the game by trying entirely to eliminate the element of doubt.

But back to the 434-yard 18th hole at Colonial National golf club, a dog-leg swinging to the left, flanked on both sides by many pecan and other trees, with plenty of water on the left. When Schroeder reached the tee, he had just dropped strokes to par at the 16th and 17th holes to cut his five-shot advantage over Crenshaw seven holes earlier to one.

A huge roar from the 18th

green had just told him that his Texan rival had finished with a birdie.

Not surprisingly, under such pressure, Schroeder, a bespectacled 31-year-old Californian, hit a horrible drive away to the right, into a dry and rocky creek bed adjacent to the 17th fairway, and almost underneath a bridge. A six or even a seven was facing him if he tried to back back to the 18th fairway and play the hole in the orthodox manner.

After much debate and after the huge crowd on the right had been moved, Schroeder aimed his ball purposefully away from the green, straight at the clubhouse so that he would obtain certain relief from the temporary grandstand erected in front of it. His golf ball duly came to rest behind that grandstand, between it and the big scoreboard, also erected for the occasion.

Schroeder was hopelessly stymied. The rules allowed him to move the ball back fully

50 yards and drop without penalty, almost in the fairway. What is, even more objectionable to the Venturi school, he was able to replace his badly damaged ball with a new one. Schroeder then hit a great pitch with his eight-iron 12 feet from the hole, and sent the putt for one of the strangest, and certainly the longest par-fours I have ever seen. The whole pantomime took no less than 26 minutes, so why, one might ask, was Schroeder not penalised for slow play?

I believe that the public will not come out to pay to watch professionals scoring badly, although that theory is contested by those who believe that hackers like nothing better than seeing highly paid performers playing almost as badly as themselves. But I do believe that by making the game so easy for the professionals, golf tournaments are being harmed on the score of both integrity and entertainment. The elimination of the intriguing element of chance can only remove a lot of the charm from the game.

BEN WRIGHT

Travel

Fortunate islands

THE RAIN was teeming down as some thirty of us boarded the British Airways helicopter at Penzance but, after braving the downpour, we were assured that the sun was shining over those fortunate Isles of Scilly, a 20-minute skylift away. The regular Penzance-St. Mary's helicopter service maintains a vital year-round link between the mainland and the islands.

I had caught the overnight sleeper from Paddington and the train-helicopter timetable ensures a speedy transfer to St. Mary's where everything is on a diminutive but enchanting scale. Then a leisurely ride from the airport to the centre on bus 007!

I had wondered if the islanders might resent the annual invasion of their privacy by visitors from not only the mainland but from Europe and the U.S. I could certainly find no trace of it. Their attitude is welcoming, friendly and informative and it was pleasant to return to the traditional country practice of exchanging the time of day in the main street of the only semi-urban community, Hugh Town on St. Mary's.

The town is built on the island's narrowest point so that there are views across to either Town Beach or Porthcressa. If, however, you are looking for the accepted bright lights, the Scillies are not for you. If, on the other hand, you become an island addict—hotels and guesthouses alike welcome a very high percentage of visitors who return each year—you will

easily slip into the pattern of daily life.

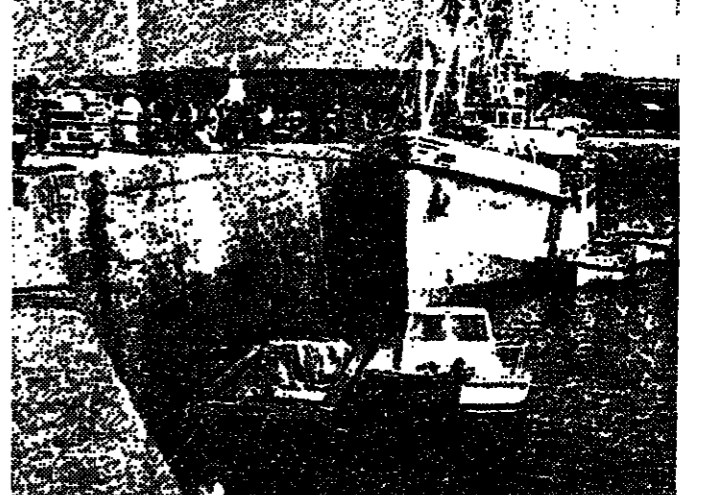
St. Mary's is the obvious centre and each morning around 10 a.m. residents and visitors alike converge on the quay before taking to the boats en masse. If you share my pleasure in pottering about in small boats or enjoy walking along the cliff paths in a place where the world pollution is never heard and where the car is a rarity rather than a menace, then the Scillies are for you.

I got my bearings on a quite hilarious coach tour. There are some 10 miles of road on St. Mary's but Vic, or one of his lieutenants, manages to spin this out to an hour-and-a-half.

You will learn that the police force numbers only two, occasionally augmented, "when Sir Harold is here." You will also be regaled with tales of shipwrecks but manage to miss the view of one of the best sandy beaches because a local farmer has thoughtlessly blocked it with a new cowshed!

The tempo of life is leisurely and, with the benign and balmy air weaving its spell, you quickly wind down and relax. The main preoccupation of those with whom I travelled over to the semi-tropical island of Treco was not with the day's work events—I was there the week-end of the Downing Street summit—but now to find their way from New Grimsby, where we landed, to the departure jetty at Carn Near.

Whenever I land in an enchanting remote spot where the



The Scillonian docking at St. Mary's

other islands. Even so, as St. Mary's is very much the focal point I would suggest staying there on a first visit. I found Tregarthen's Hotel, overlooking the harbour and Town Beach, a very comfortable base.

In addition to the steamer and helicopter services from Penzance, Brymon Airways operate a Dart-Herald service from London (Heathrow) to Newquay with connecting flights to St. Mary's.

The local Information Office charges 25p, including postage, for comprehensive background information and accommodation lists.

It was my own first experience of the Scillies and I came back enchanted. The islands provide a true escape from the pressures of urban life and, while the visitor will always be made welcome, there are happily no plans for major tourist developments to disturb the peaceful way of life of the residents of these truly Fortunate Islands.

ADDRESSES: British Airways Helicopters Ltd, Heliport, Penzance, Cornwall. British Rail (enquire locally). Brymon Airways, City Airport, Crownhill, Plymouth, Devon. Information Office, Town Hall, St. Mary's, Isles of Scilly. Isles of Scilly Steamship Co., Ltd, St. Mary's, Isles of Scilly. Tregarthen's Hotel, St. Mary's, Isles of Scilly.

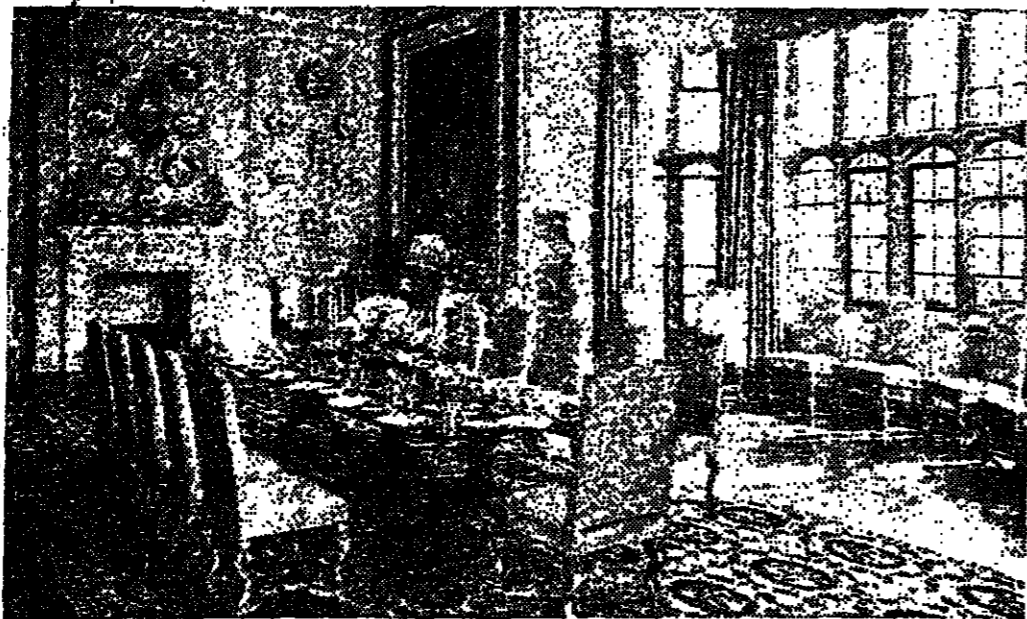
PAUL MARTIN

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Immunity

place be proud of

LEEDS CASTLE has been in a state of activity all week in preparation for the EEC Ministers arriving by air at lunchtime today. Though it has been frequented by many illustrious guests through its history, it has been used to hold a top-meeting of international importance since the days of the



The dining room of Leeds Castle

first moves in rediscovering the castle's historic role made by Sir Harold Ramboislet was in use last year when he held the presidency of C. The British Government owned no comparable castle and Sir Harold, now still Prime Minister, Leeds was the most place for informal talks. On being approached at which runs the castle to make the castle le. helicopters bringing the reign Ministers and Mr. Atkins, the President of the mission, to their week-end country-house party are land on the golf course. men will cross the moat which the late Lord described as: "the t in the whole world, beyond the lake is of beautiful parkland. Castle has nothing to do with castles. It lies 10 miles south of Maid-Kent. Its name acknowledges the original builder, a Thane named Led, who strategic potential of rocky islands in a lake by the river Len. wooden fort was rebuilt by the Norman baron de Crevecoeur, but in times it was transformed into a place. Leeds had been a residence of medieval queens for some 300 years when it passed to Sir St. Leger after Henry

In 1926 Lady Bailie bought the decaying palace and achieved a thorough-going transformation before she died three years ago. Her will established the Leeds Castle Foundation with an endowment of about £2m. The castle was to be preserved as a centre of the arts and charitable work, in particular for medical research.

This is the first year the castle estate is being fully used. It is opening to the public on Tuesdays, Wednesdays, Thursdays and Sundays and has a full programme of week-end seminars, mainly of a high-powered medical nature. The delay in opening was caused by the need to build a second entrance into the estate due to traffic problems.

The trustees make no charge for the use of the castle as a medical seminar centre. This was the prime charitable purpose laid down in the will. The people taking part form a select international band from the top of the profession, and Leeds Castle provides a tranquil and private atmosphere which competes powerfully with the two other such centres in the world. A seminar was held in the castle earlier in the month by the Cardio-Thoracic Institute and meetings have been fixed by the Royal College of Physicians and the Gulbenkian Foundation for later in the year.

The trustees have done all in their power to ensure the castle succeeds in impressing to-day's visitors. The swimming pool has been brought into operation, some new carpets laid, wooden floors polished till they gleam

and every minor repair completed. If the week-end is a success it is likely to be only the first of many similar occasions. The trustees anticipate one or two a year. And while the Foreign Office payment for the use of the castle has not been made public, every penny can find a use in the running of a stately home.

The estate, which has about 30 permanent staff, costs some £250,000 a year to run. It earns about £100,000 from the golf course, woodland and public entrance fees. So the annual £180,000 investment income is well stretched to cover the gap.

The 10 men will eat together in the sunny main dining room in the new part of the castle completed in 1820. With them are likely to be one or two interpreters. Herr Hans-Dietrich Genscher, the German Foreign Minister, for instance, speaks only broken English.

The castle's two cooks will be supplemented by staff from the Government's hospitality service, which will be providing the food and drink. The ministers' private secretaries, security men and other functionaries are likely to number about 30. They will dine in the smaller Heraldry Room, surrounded by shields of every owner of the castle.

The formal discussions this afternoon and Sunday morning—which will centre on the enlargement of the EEC—will be held in the Conference Room. This is on the second floor of the Gloriette, built by Henry VIII. It contains one of

the most important collections of French impressionist paintings outside a public gallery. Surveying the deliberations, undoubtedly will be a black Egyptian cat—a funerary mould from the fourth century BC.

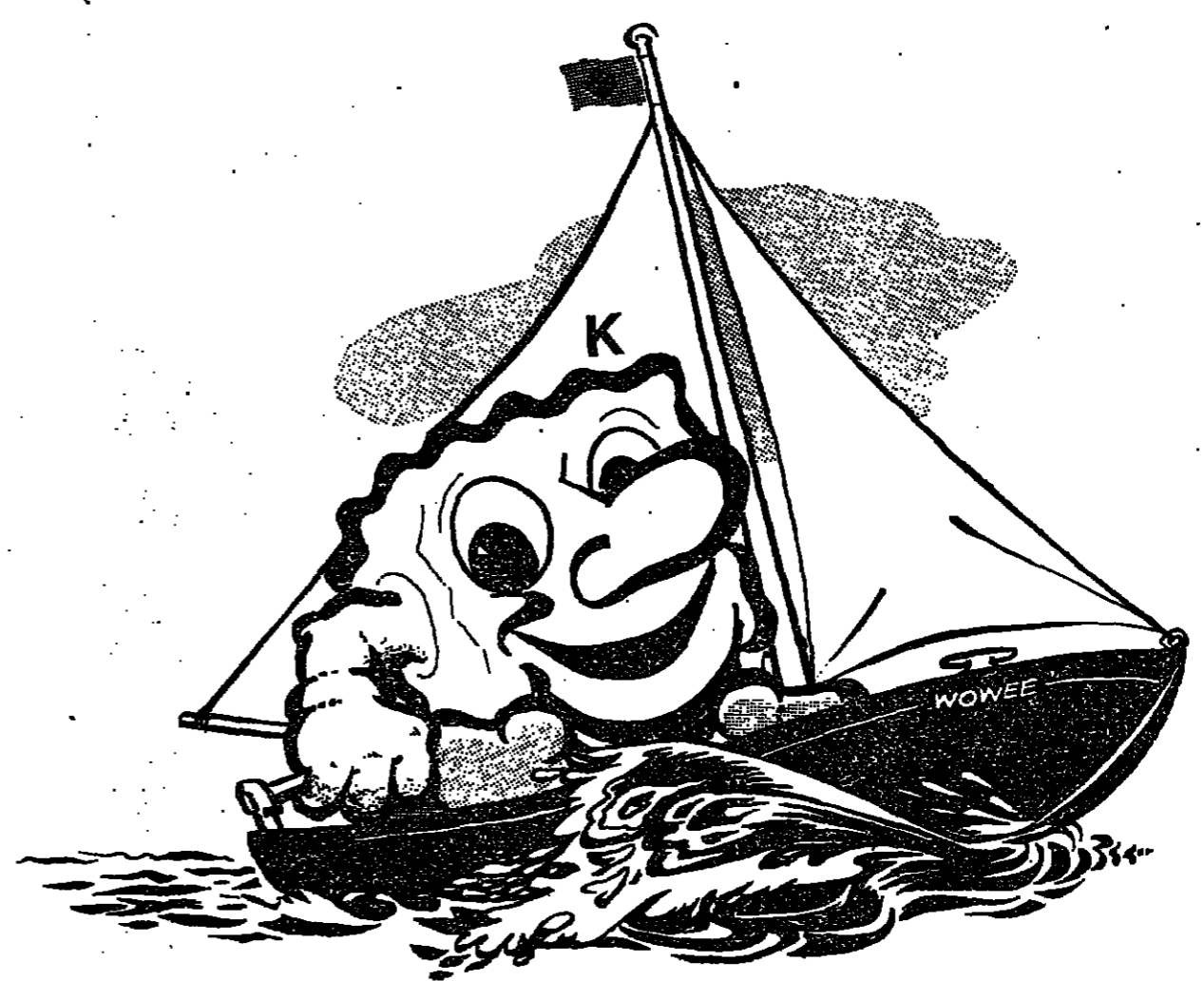
Pre-dinner drinks are likely to be sipped in Henry VIII's Banqueting Hall, and the ministers may be attracted to the large yet cosy Thorp Hall for their informal discussions after dinner.

If the Maiden's Tower across the courtyard is used there will be enough two-bedroom suites for each minister and his private secretary. While some of the bedrooms are bigger than others there are unlikely to be problems of protocol over the sleeping arrangements. Each suite has a distinct personality that makes comparison impossible.

The decorations and furnishings, which the French decorator Stephan Boudin helped Lady Bailie choose, make Leeds magnificent and homely at the same time. The ministers will be surrounded by some of the most exquisite examples of art and craftsmanship through the centuries. Mr. Peter Wilson, the chairman of Sotheby's and a trustee, will be on hand if the visitors want a guide to the treasures.

By the time they leave after lunch on Sunday they will probably be wishing this was one conference that could be extended. Which, no doubt, was Sir Harold's intention in the first place.

DAVID FREUD



Going for Gold with Mr Cube

Tate & Lyle is delighted to be sponsoring Weymouth Olympic Yachting Week for the first time this year. Britain already has an excellent Olympic sailing record and Tate & Lyle hopes that its support will not only maintain this standard but even improve on it at Tallinn, Russia, in 1980.

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How to spend it

by Lucia van der Post

BMBER: off to a frying start

out of doors doesn't yet seem to be a passion but the last two summers have encouraged more people at least along these lines. I have a theory that because we cannot be sure of getting a weather it is important firstly to be for it when it comes and secondly to be sure one really savours every bit of it.

There is any warmth or sun about I can go to be indoors at all and like every breakfast is possible, to be eaten. You can see, therefore, that I am for the barbecue market. What I like about barbecues is that they are to cook and entertain at one and the same time, and the sense of occasion behind the green haze door (or the kitchen door) while the faint light of day in the garden waits in the garden or down from the sitting-room, actually out there with your own class, joining in the conversation, cooking is done.

Recipes can be simple or elaborate, upon taste, how often you are likely to go, how many you want to cook for, you intend to cook upon them.

I really just want to cook the odd chops from time to time then start off simple Hibachi, like the one featured. The choice then moves on to slightly more elaborate that stand on legs and are quite

suitable for small patios—again they only deal satisfactorily with smallish things like chops, chicken pieces and sausages. If you have a large barbecue with a large meat source and if possible a spit as well and even then it will take a very long time.

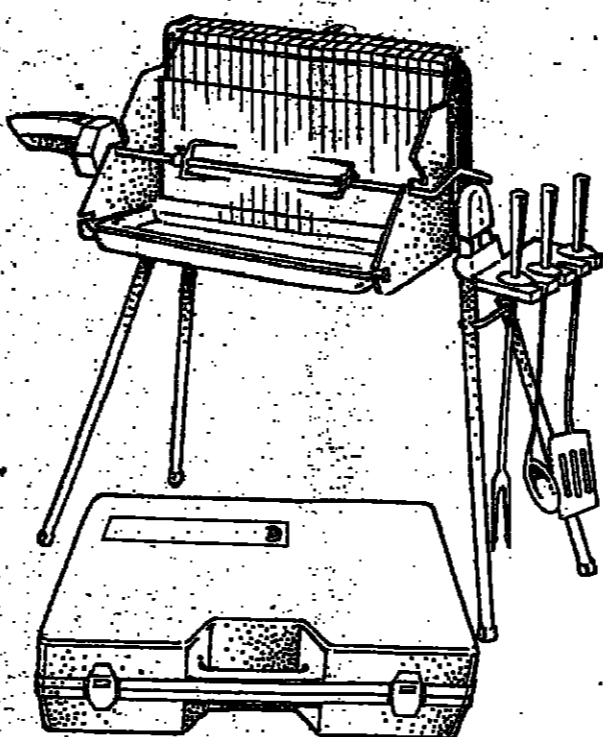
I had always thought that the one drawback of barbecues was that only rather high-quality, expensive meat could be used, but a friend of mine entertained very successfully with kebabs made from cubes of cheaper cuts of lamb, marinated for some hours first in a mixture of oil, lemon juice and herbs and then put on skewers interspersed with mushrooms, onions, peppers and so on.

Straight skewers don't work—when you turn them, only they turn, so choose old-fashioned ones with kinks in them.

Fuel is a controversial subject—most experts recommend briquettes but other people say that they leave too powdery a dust; charcoal burns as well and gives a better flavour. I suggest you experiment for yourself.

It is absolutely crucial to remember that the fuel takes a long time to become really hot and it is not really ready until it looks ash grey during the day or glowing at night.

Below is a selection of barbecues of all sorts, ranging from the cheap to the expensive, from the portable to the permanent and from the do-it-yourself to the expert-made.



Drawing: Frank Wheeler

On the move

THE FRENCH, as we all know, take eating, whether on roads, at fresco or by the fireside, very seriously indeed so it's not really surprising that it should be the French firm of Le Creuset that has come up with an elaborate portable barbecue.

The whole contraption fits into a plastic suitcase which measures 20 1/2 inches by 14 1/2 inches but let us imagine yourself tripping lightly through the fields of daisies with it let me warn you that it is quite heavy so don't plan on carrying it far by hand—it will fit easily into the car but park the car near where you're going to put up the barbecue.

It can be put together as a free-standing barbecue, on its own legs with a spit (either manually operated or you can use a U2 battery). Charcoal or barbecue briquettes should be used and to get the fire going

either methylated spirits in liquid or in tablet form or a special barbecue lighter should be used—an ordinary firelighter won't do.

Once the charcoal or briquettes are really hot you can cook anything small like chops or chicken pieces or, if you use the spit, you could cook whole chickens or a small leg of lamb—but remember it will take longer than in an oven.

An additional feature, which appeals to me and seems useful in our climate, is that just the grate and the spit (that is, after detaching them from the legs) can be used indoors inside an ordinary fireplace so that in the depths of winter you could let each member of the family cook their own potatoes, chops, kebabs or whatever.

This model comes from Harrods and costs £55, but many shops have a good selection of Le Creuset barbecues, including Fenwick's of Bristol, Cross, Kitchens of Bristol and Bonds of Norwich.



Summer sunshine and summer clothes seem to need a lighter, fresher make-up than we've been accustomed to through this long cold winter. For most of us it is easy enough to see that the models in the fashion magazines and other up-to-date people have a more luminous look about the eyes but it's not so easy to know how it's achieved.

For those who feel they would like to try a different look Guerlain, a beauty house renowned for quality, have used some of their best products, some old, some new, to produce a look that is indubitably 1977.

The clearer and fresher the skin, of course, the lovelier the finished appearance but whatever sort of skin you have a good moisturiser is an essential. Guerlain's moisture base should be smoothed on lightly all over and then left to settle for a few minutes to form the barrier between the skin and the colouring ingredients in the foundation.

Elysamat is the new foundation which came out last autumn. It is light enough to give a slight sheen to the skin but at the same time it will conceal minor blemishes.

I like particularly their ultra-fine beige loose powder which should be lightly brushed on over the foundation.

Blushers have become much more subtle

and it is certainly important in summer not to use them too heavily as the sunlight shows them up so much more clearly. The new Guerlain powder blushers are very subtle, almost just a darker, toning shade of the foundation with just a hint of pink or apricot. They should be used on the cheekbone and a little in the cheek hollow.

The eyes are the chief give-away of old-fashioned make-up techniques—there are still people using the hard eye-liner and over-bright emerald green and turquoise blue shadows of several years ago.

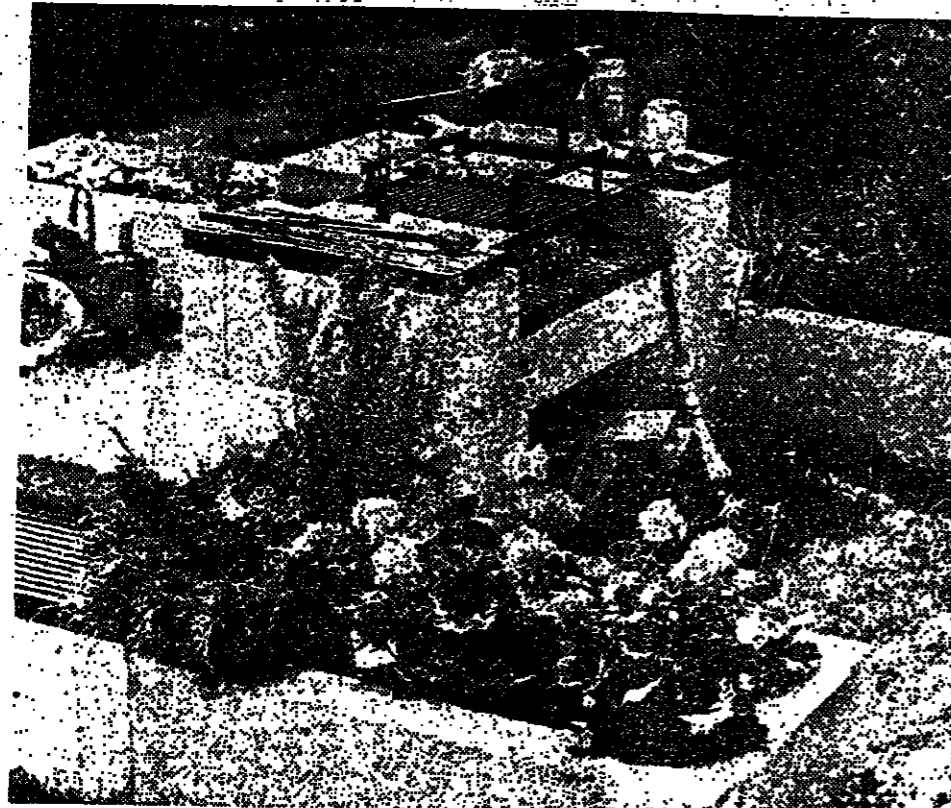
The new eye look is very clear and light and Guerlain have some lovely new creamy eyeshadows to help achieve it. Champagne Creme eyeshadow has been used on the model's eyelid and it was used as a base right up to the eyebrow. This provides a firm base that doesn't crease or run. Aque Brune powder shadow in brown and beige was used in the crease of the eyelid and gently smoothed in.

Lash lines are emphasised with a Brun eyebrow pencil which is beautifully soft and black mascara goes on the eyelashes.

Lipstick colours are very clear and bright, ranging from clear orange to a slinking pink. Guerlain products are stocked by good quality stockists and chemists, all of whom have trained consultants ready to advise on personal colourings and skin care.



Picture by Glyn Genn

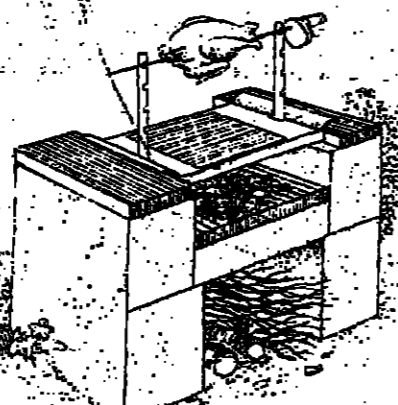


of the scenery

think that you are really going to cooking and eating out-of-doors it is probably worth considering a permanent and rather large barbecue. Cheminée of 82 Wigmore Street, W.1 import from France a range of very attractive barbecues, which

are only large enough to enable one to have a party on them but also can be used in a very flexible way. For instance the design photographed above is a most attractive unit, which is made of flowerbeds and seating units. The barbecue unit (which is sketched right) fits into a large brick area, the area is 47 inches long by 70 cm (27 1/2 inches) high by 60 cm (24 inches) deep. The seating and flower boxes would cost £195.

These designs have to be ordered and taken nine weeks which would be late for the whole of this summer, but if you arrive in August in time for the of the holiday season, you want this kind of solid, long-lasting barbecue it is worth writing to La Cheminée—they have a selection of



coloured leaflets showing the possibilities available and most of them are exceedingly attractive and designed so as to blend in well with the garden scene. Prices range from £200 to £500 and there will then be some small building costs (the firm calculates that a local builder could install most of their designs for about £50) though a very handy man could do it himself.

Build your own

Those who like doing things themselves and anyway suspect that shop-bought models cost a lot for what is after all a fairly simple pleasure, might like to know that I have some friends who have built an exceedingly successful barbecue in their garden with just some occasional help for an odd-job builder.

They used the Reader's Digest Complete Do-It-Yourself Manual. The manual is expensive in that it costs £29.95 and it comes in two parts: a section on techniques, which needs to be consulted as well, and a section on projects, one of which is this scheme for a barbecue above.

As you can see from the drawing it is mainly a question of brickwork set out in the correct way and of providing a brazier. Detailed instructions are too long

to give here but if you think you can manage to deal with brickwork, mortar and so on the Reader's Digest Manual gives detailed instructions on how to do it. There are also, incidentally, a host of other projects, nearly all of which are distinguished by being of impeccable taste—so often with do-it-yourself manuals great technique and much loving care is allied to such ghastly taste.

The manual can be bought from Selfridges, large branches of W. H. Smith or by mail (p+p included in price) from Reader's Digest, 7-10 Old Bailey, London EC9B 4RP.

Skewer

is the name of an organisation formed by six leading barbecue importers and distributors to help encourage the use of barbecues. To do this they set up the Barbecue Information Service which anybody wanting to know which sort of barbecue to buy, what sort of food to cook and soon may consult. They issue a booklet called Barbecuing for Beginners which gives hints on equipment as well as recipes. Any reader can buy a copy of the booklet by sending 30p to the Barbecue Information Service, 47-49, New Bond Street, London W1, or by telephone 01-496 6371. The number

out in style

EAR'S newest gadget for out-of-doors is 'the Pit', imported, needless to say, from America. Its great feature over other free-cooking barbecues is to me is that it does you to cook much larger pieces of meat and it is prepared to roast complete lamb, chickens, turkey, beef or whatever else you like. There are two sizes, the 'Pit' and the smaller 'Pit', takes up to 25 lbs (or fish) while the larger one is really the standard

model with an extra layer added) will cook up to 45 lbs.

The Smoke 'n Pit may also be used in several different ways. It can be used simply to grill, in a more usual barbecue way, by using a grill pan over a pan of burning charcoal. It can also cook or smoke meat or fish by using a combination of burning charcoal and moisture in a pan below the grill—the top is then put on and the food acquires a smoky taste without ever drying out. This method takes a very long time, so study the time charts well in advance of any planned event. I'm assured the special flavour is well worth it. It can be used as a simple roaster or as a steam cooker. It is £53 from La Belle



Cheminée, 82, Wigmore Street, London, W.1, who will send it by rail or carriage for £6.00 extra. The extra layer is another £7.00. Also available from Liberty's of Regent Street, London, W.1 or from Harrods of Knightsbridge. I think it would mainly be of use to those who do anticipate doing a lot of outdoor entertaining or can imagine themselves eating out of doors a great deal, even when on their own. The outfit is high, but you can cook almost anything on it, you wish, including potatoes, corn on-the-cob (keep them in their leaves), and complete Barbecue Information Service, 47-49, New Bond Street, London W1, or by telephone 01-496 6371. The number

Small fry

FOR THOSE who don't think that they're going to want to eat out-of-doors a great deal or won't want to be catering for large numbers of people the famous Hibachi range provides the simplest, sturdiest, small barbecues I know. They have cast-iron bases, adjustable grill levels and wooden handles to insulate from the heat.

The way to introduce it is to get leaves of any plant that has whitefly scales parasitised by Encarsia (the scales are black instead of pale yellowish green) and hang them up among plants that are attacked by whiteflies. Greenhouse owners can pass the parasite on to others who require it and it would be helpful if some horticultural societies could organise this kind of self-help. I do not know of any commercial source for Encarsia formosa, but the Royal Horticultural Society keeps a limited stock at Wisley and sells it to fellows of the society. I believe that there is never enough to meet the demand and it does seem that if biological controls of this kind are to make rapid headway among amateurs it will need to be by self-help measures of some kind. No hazards are involved and the parasite will survive in a moderately heated greenhouse, though it only becomes really active as things warm up in late spring.

Encarsia actually lays its eggs in whitefly scales and the larvae eat the scale and feed within them. The

adult insect bores its way out of the dead scale and sets to work laying eggs in other scales. It does not damage plants or any other insects, useful or harmful.

Arthur Hellyer

Garden enemy number one

FLY, according to a recently received, has been the pest most dreaded by gardeners. I can well believe it because for several years it has given me more trouble than anything else and been completely unable to do it despite using the insecticides. It is not easy to fail to do what is for them but that is the life cycle which is extremely difficult to

It passes through stages, first an egg, then a very quickly developing scale in which it even updates, finally emerging as a tiny whitefly. It is all but impossible to kill it when it is in the white stage. Nymphs, scales and eggs sap from the leaves, weaken plants and in which sticky excreta still further depressing

difficulty in destroying it is that no insecticide has yet been found to do much to either eggs or scales and so any chemical control attack has to be concentrated on the adult spraying machine and mix the spray and then, if the weather is favourable, the pest starts to build up very quickly. A possible solution to this, which I have just started to use, is to keep a suitable aerosol at hand, not for regular use, which would be rather expensive, but for spot treatment on those occasions when I am in a hurry or am away from home and have to leave some one else to look after things. A good many insecticides obviously this is not the way to handle it, but I have just started to use it. I doubt that there is any way, other than by continuous fumigation, that any of the systemic insecticides, which have made it so easy to control greenflies and other pests, can be used to restrict it to negligible proportions. My own failure has been due to the near impossibility of maintaining such a sus-

tained assault. There come times when one is away on holiday or too busy to get out the spraying machine and mix the spray and then, if the weather is favourable, the pest starts to build up very quickly. A possible solution to this, which I have just started to use, is to keep a suitable aerosol at hand, not for regular use, which would be rather expensive, but for spot treatment on those occasions when I am in a hurry or am away from home and have to leave some one else to look after things. A good many insecticides obviously this is not the way to handle it, but I have just started to use it. I doubt that there is any way, other than by continuous fumigation, that any of the systemic insecticides, which have made it so easy to control greenflies and other pests, can be used to restrict it to negligible proportions. My own failure has been due to the near impossibility of maintaining such a sus-

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fly antidote at present available for use in private gardens. It is a little more persistent than malathion, seven days being the minimum recommended period between last application and harvesting of food crops, but there does not appear to be any risk of tainting. The aerosol I am currently using for instant spot treatment whenever I see whiteflies and have not a spraying machine at hand contains the chemical plus synergised pyrethrin and it certainly gives a very quick kill. It is marketed under the trade name Sybol 2.

Another possible way of tackling the whitefly problem is to discard chemicals of all kinds and rely instead on the whitefly parasite, Encarsia formosa. Britain is only useful under glass as the parasite needs fairly high temperatures, certainly 65°F, and preferably 70 to 80 deg. F., to stimulate it into rapid reproduction. It is incapable of existing without whiteflies, which are its sole food, so it never completely exterminates them but reduces the population to a tolerable level.

Encarsia actually lays its eggs in whitefly scales and the larvae eat the scale and feed within them. The

How are you going to raise funds in 1977?

Run a BALLOON RACE STATION and raise substantial sums of money for your Local Voluntary Organisation, Church Funds or Charity—Boy Scouts, O.A.P. Clubs, Mayor's Charity Fund, Medical Research Fund, Pets' Home, Hospital Friends or

The Prince of Wales's QUEEN'S JUBILEE APPEAL

GRAND NATIONAL JUBILEE BALLOON RACE

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HOME NEWS

Celtic Sea search for oil continues at cost of £10m.

BY DAFFER, ENERGY CORRESPONDENT

Oil operators are about to begin a further £10m. in their search for oil in the Celtic Sea. The discovery of a gas field off the southern coast of Ireland and in the Irish Sea, off Blackpool, gave some reason for hope.

The Government was also encouraged by the fact that five blocks recently offered for licensing in Cardigan Bay had been taken up by the oil industry. Drilling under these licences would contribute further to the knowledge of the geological make-up of the area.

"Although much of the currently designated area in the Celtic Sea is believed to be underlain by non-productive basement rock, seismic data has revealed a number of promising structures," he said.

Meanwhile, strict anti-pollution measures have been announced giving Government inspectors new powers to shut down submarine oil and gas pipelines.

Dr. Mabon said yesterday in a written Commons statement that the new powers meant that inspectors could inspect pipelines, enter premises, vessels and installations used in connection with pipelines, inspect and test equipment, take measurements and photographs and inspect records. In addition, inspectors could close down pipelines in order to avoid either serious injury or pollution.

Goodison predicts aid to controls

MARGARET REID

It is predicted yesterday that the Government will announce a package of measures to control the price of food and other necessities. Margaret Reid, a Conservative MP, said in a speech in the House of Commons that the Government must take action to ensure that the price of food and other necessities does not rise too sharply.

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Government offers cash for tourism

THE GOVERNMENT is offering £500,000 to help tourism in "fragile" areas of England. The money is to be used to help tourism in "fragile" areas of England. The money is to be used to help tourism in "fragile" areas of England.

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Home companies' share of colour TV sales falls

MAX WILKINSON

Home companies' share of colour TV sales has fallen in the first three months of the year. The share of colour TV sales has fallen in the first three months of the year. The share of colour TV sales has fallen in the first three months of the year.

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Pension bonds earn 10% in two years

ERIC SHORT

INVESTORS who took out the May's value fixes the repayment value for June encashments. A linked National Savings when they were launched in 1975, will have earned 40 per cent. on their investment, a yield that is well above the rate of inflation.

The complete table of repayment values in June according to the month of purchase for a £100 bond:

June 1975	£139.66
July 1975	£141.05
August 1975	£142.44
September 1975	£143.83
October 1975	£145.22
November 1975	£146.61
December 1975	£148.00
January 1976	£149.39
February 1976	£150.78
March 1976	£152.17
April 1976	£153.56
May 1976	£154.95
June 1976	£156.34

K. a depressed area—Powell

It is to Europe what the Ulster MP told a public meeting at Grimsby. The conditions which produced depressed areas in one nation were compounded by the terms of the Common Market, without the economic safety valve of mobility of labour because of linguistic, cultural, political and other barriers.

Shawcross backs code on corrupt practices

By David Freud, Industrial Staff

COMPANIES SHOULD reject the conduct of business through bribery even if it involves losing profitable commercial opportunities, Lord Shawcross said yesterday.

In a statement accompanying a draft code on corrupt practices under study by the 54 national committees of the International Chamber of Commerce, Lord Shawcross, chairman of the investigating ICC commission, said the right attitude to opportunities for bribery was utter rejection.

The international business community had a responsibility to make its own contribution to the battle against unethical practice. His statement comes in the wake of allegations that British Leyland was using bribery and other suspect business methods to win export orders.

Lord Shawcross said that ICC plans to establish an independent committee to conduct investigations into alleged breaches of the code will be endorsed in the autumn.

The code lays down ethical standards to which corporations engaged in international trade should conform. It also contains a string of recommendations to national governments for dealing with the problems involved.

Shipbuilders have aid to pick HQ town

By Our South Shields Correspondent

BRITISH SHIPBUILDERS' has called in PA Management Consultants to help it choose its headquarters location in the north-east.

The company expects that in about three weeks it will have a short list of about five possible sites from which to make its final choice.

Since it was announced a month ago that the headquarters would be in the north-east, local authorities, property developers, estate agents and others have all been staking claims.

PA Management Consultants is now assessing these offers as well as doing its own investigation of suitable sites. Altogether it will be looking at about 40 locations near Tyne, Wear and Tees, and also at Darlington, before producing its short list.

Mr. Andrew Macdonald, the company's regional manager at Newcastle, said every reasonable possibility was being considered.

British Shipbuilders said everything was being done with all speed to get the matter settled.

Farmers seek 'fair' tax

Financial Times Reporter

FARMERS yesterday received a second piece of good news within two days.

Mr. John Silkin, Minister of Agriculture, told them that the Government was still considering requests for a fairer system of assessing farmers' income tax and that there was a "case for action".

On Thursday the Government rejected the Layfield Committee's proposals that agricultural land and buildings should be rated.

Farmers have pressed for a rolling, three-year average, tax plan for assessment purposes to alleviate problems caused by sharp fluctuations in their tax liabilities from one year to the next.

A high demand for tax on the previous year's income could coincide with bad weather or a poor harvest.

Mr. Silkin, speaking at a Country Landowners' Association reception in London, said the Government was "fully aware of tax difficulties facing farmers but there were obvious difficulties about introducing special tax rules for a particular group."

The decision not to re-rate agriculture—except for the past 50 years—was not an easy one for the Government. It involves considerable new administrative costs on valuation and an adjustment to the rate-support grant.

It would also be inconsistent with Government plans to expand home-grown food and avoid unnecessary food price rises.

Jensen creditors unlikely to be paid

CREDITORS OWED nearly £2m. by the Jensen Motor Company, which was wound up earlier this year, are not likely to be paid the money due to them, the Official Receiver said yesterday.

The receiver, Mr. James Christman, told a creditors' meeting in London that £2,339,175 was outstanding to the creditors of the luxury car firm.

The company was in the red to the tune of £3,770,527 in 1975 when the receiver was called in. Since then, more than £5m. has been raised by the receiver—more than £2.5m. of it from the sale of cars.

Mr. Christman told the creditors there was not likely to be a surplus for the unsecured creditors.

However, £187,234 is likely to be paid in preferential liabilities and another £2.2m. to the company's debenture holders.

Mr. Christman explained to creditors how the firm—which started manufacturing cars under its own name in 1933—came to crisis point with the world oil crisis which forced a cut in output without creating a cut in costs.

Mr. Christman said that it now appeared that after debenture holders had been paid there would be a surplus of £125,000—but this might be absorbed by interest charges arising during the period of the receivership.

As no other liquidator was proposed at the meeting, the Official Receiver will also fulfil that role.

Conservative bullseye pleases the travelling showmen

TRAVELLING showmen are smiling. The higher excise duty imposed on their trailers in the Budget was slashed by a Conservative amendment to the Finance Bill on Thursday night.

Treasury officials, who have the task of arranging for

refunds, must have been less happy yesterday. They must grope through a maze of regulations to arrange refunds.

Ministers are expected to table clarifying amendments which will enable the refunds to be paid soon after the Bill receives the Royal Assent in July. The refunds are due from Budget Day, March 29.

Meanwhile travelling showmen taking out new licences will still have to pay the higher rate announced in the Budget. But unlike fairground punters they can be sure of getting their money back.

When the Finance Bill becomes law, and the reduced rate of duty resulting from the Government defeat can be

brought into effect, they will be entitled to refunds.

But it is a mere bagatelle, only about 800 travelling showmen will be able to claim. The revenue loss involved in the cancellation of the higher rate of duty—the biggest increase in monetary terms was £59—is estimated at £16,000 a year.

Ministers are obviously

relieved that the Conservative's lucky shot, which came on the first day of the consideration of the Bill in the Standing Committee, should have knocked down such a small coconut.

But anyone who has been on the big dipper can tell them—there are lots of ups and downs to come.



The Queen received a warm welcome from young admirers in Aberdeen yesterday on the third day of her Scottish Jubilee tour.

Oxford Street aims for £200m. target

BY JAMES McDONALD

London's Oxford Street Association of traders—department stores, chain stores, boutiques, restaurants and cinemas together with banks—expect to earn £200m. during the Queen's Silver Jubilee year from the 14m. foreign tourists Britain looks for.

With the street a prime target for tourist shoppers from all over the world, the Association is mounting a campaign to draw in the area before preparing policies for a development plan.

The City's architect's department has produced the first four of a series of background studies of economic activity, housing and population, tourism, and shopping for discussion.

Other papers on transport, recreation, social services, public houses and restaurants, conservation and resources, among other subjects, are being prepared.

The study papers can be obtained at the Guildhall at £1.50 a copy, but the contents and issues have been summarised into booklets which are free of charge.

They outline the Corporation's view and trends and raise issues on which the City needs advice and views.

People are being invited to send their views in writing to the architect's department at the Guildhall. Leaflets and posters will also be circulated, leading to public meetings in the early autumn.

The meetings will be held at lunchtimes and evenings.

City of London Development Plan—Background Study Summaries on: Shopping, Tourism, Population, and Housing, and Economic Activity. The Guildhall.

City seeks advice on development

BY JAMES McDONALD

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Job creation 'could hit building apprentices'

THE GOVERNMENT'S "job creation" programme to help school leavers could become a "job destruction" for many building industry apprentices.

Mr. Peter Morley, president of the National Federation of Building Trade Employers, said the programme suggested that part of the programme should be made available for redundant craft apprentices.

Alternatively, some of the work could be given to concerns short of work whose apprentice jobs were threatened.

He told the annual meeting of the federation's Midland region at Stafford, that extension to old people's homes, restoration of churches and cricket pavilions were among the projects involved.

The Manpower Services Commission, which administered the programme, suggested that the work could not be put out to tender, said Mr. Morley, because it was needed to fulfil the job creation programme.

Several hundred apprentices had been made redundant in an industry with 227,000 unemployed.

Skyline protection sought

THE GOVERNMENT yesterday approved in principle a Private Members' Bill to protect skylines of natural beauty or historic significance.

The Skyline Protection Bill, introduced by Mr. Patrick Cormack (C, Staffordshire S.W.) was given a second reading.

Mr. Cormack said the Bill requires local planning authorities to designate skyline views deserving of protection. Building or demolition would be tightly controlled.

Mr. Cormack said it was a national problem. The Bill would be a milestone in conservation as a concept. Planners should look at proposals under a microscope which might endanger the remaining beauty spots.

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As no other liquidator was proposed at the meeting, the Official Receiver will also fulfil that role.

£47m. Massey plant for Pakistan

BY OUR INDUSTRIAL STAFF

THE PAKISTAN Government said yesterday it has reached agreement with the Massey-Ferguson group to set up a joint £47m. tractor factory in Pakistan.

It is indicated that Massey-Ferguson will provide 49 per cent. of the cost and that the factory will build up to a production of 15,000 to 20,000 tractors a year over the next four years.

Massey-Ferguson U.K. expects to send 4,200 tractor kits to the country this year where the Pakistan Tractor Corporation has been assembling the machines for some years.

The deal has been negotiated by Massey-Ferguson's office in Lahore, headquarters of its Asia-Africa-Australasia region.

In Coventry yesterday, Massey-Ferguson said there would continue to be a considerable supply of components from the U.K. when the plant came on stream.

But full details, including those concerning financing, had to be settled and it would be several weeks before they would be known.

Concorde's good load factor

By Michael Donne, Aerospace Correspondent

THE CONCORDE has carried more than 20,000 passengers in its first year of service on the transatlantic route between London and Washington, and achieved load factors of up to 92 per cent., British Airways said yesterday.

The number of passengers from Washington to London will have reached 11,042 by next Tuesday. The passenger total will be 9,730 from London to Washington, with a load factor on that sector averaging 79.4 per cent.

The difference in the loads reflects the fact that the Concorde has proved highly popular with U.S. visitors to the U.K., and especially because the decline in sterling last year resulted in the fare being virtually a bargain for U.S. travellers, despite the 20 per cent. surcharge on the normal first-class rates which British Airways has been obliged to charge under international airline rules.

Jet seized at Heathrow will be auctioned

THE British Airports Authority and Civil Aviation Authority are to auction a Boeing 707 freighter jet seized from the defunct East African Airways. It had been parked at Heathrow since January 28, running up a massive parking fee.

The aircraft is reckoned to be worth about £2m. It flew into Heathrow from Nairobi with a consignment of fruit and vegetables and was due to return on February 5 when the airline—jointly owned by the Governments of Kenya, Uganda and Tanzania—ceased operations.

Some of the money raised will pay the jet's landing and parking fees, which are in the region of £200 a day. A BAA solicitor said "a notice has been widely circulated that the aircraft is up for auction, and we are seeking tenders."

Refrigerator sales rising

Sales of refrigerators in the U.K. are still rising. Deliveries of domestic models, both British and imported, amounted to 87,292 in February, according to figures released yesterday by the Food Freezer and Refrigerator Council. This is 11 per cent. more than in February last year.

Refrigerator exports were put at 17,581, worth £1.13m.

Tory energy expert concerned about nuclear commitment

FINANCIAL TIMES REPORTER

DEEP CONCERN about making vast commitments to nuclear energy was expressed yesterday by Mr. John Biffen, former Tory energy spokesman. In particular, Mr. Biffen, MP for Oswestry, told the North-East Fuel Lunccheon Club in Newcastle upon Tyne, fast breeder reactor technology was something that would "begin to master the society it purports to serve."

The dangers inherent in production and transport of the necessary plutonium fuel would require a policy of a scale hitherto unappreciated. It would "perpetuate and intensify" the significance of the national electricity grid in energy requirements.

He had found great difficulty in persuading people that energy problems needed to be "debated philosophically."

The price mechanism should be used to reconcile supply and demand, and accommodate the substantial changes taking place in the technology of energy production.

Britain was happily placed to exercise "fuel freedom" at home and to use her authority to maintain "liberal" energy policies in the EEC.

"My analysis should appeal to those who favour an open society to those who prefer to see power dispersed rather than concentrated; to those who think the price mechanism is profoundly superior to the politician when deciding energy resource allocation and conservation."

And finally to those who think Britain has a valuable national asset which authorises her to speak abroad with a sense of measured defiance.

Courtaulds mill to stay shut

FINANCIAL TIMES REPORTER

HOPES of re-opening Courtauld's giant weaving mill at Skelmersdale, Lancashire, have been shattered yesterday.

Inability to compete with the price of foreign imports and the sheer size of the £2m. plant—the biggest weaving mill in western Europe when built in 1969—were the main factors behind the decision.

Only 50 of the former work force of 700 at the mill, which closed last December, attended the meeting at the local labour club to consider a feasibility study prepared by the Industrial Common Ownership Movement.

Mr. Jack Brown, general secretary of the Amalgamated Textile Trade Union, said it reflected the plight of the textile industry as a whole in terms of import penetration and the pressure that had put on prices.

Local secretary Mr. Bob Morrow said that a co-operative would have produced material at 77.8p a metre compared with import prices of 60p a metre and a price of 70p a metre by U.K. producers.

The figures were based on a potential purchasing price for the plant from Courtaulds of £7.65m. to produce 286 jobs.

Courtaulds has left the looms in the mill pending a decision by the workers as to whether they would go ahead with the co-operative.

"One of the obstacles has been the sheer size of the place which is geared to 1,000 people working there," Mr. Morrow said.

Mr. Brown said that the workers would not seek Government aid for a textile co-operative.

"We would still have been in this situation and we would only have been back for more in six months."

He promised that steps would be taken to set up other types of worker co-operatives than textiles to alleviate the unemployment situation at Skelmersdale which escalated to 25 per cent. with the mill closure.

There is a desperate situation. There are hundreds of people in Skelmersdale with no hope of work. If we have done nothing else we have been a catalyst showing the extent of Skelmersdale's problem," said Mr. Brown. "Someone will have to take up the gauntlet and find the alternative."

Threat to growth of automation industry

FINANCIAL TIMES REPORTER

THE GOVERNMENT was warned yesterday that its fiscal policy and the trend away from technological education would hold up the expansion of Britain's control and automation industry.

The Control and Automation Manufacturers Association said in a document submitted to the Government as part of the industrial strategy exercise that unless the education trend was reversed Britain would face a shortage of trained people when the industry was channelled to the user industries.

Increased productivity would follow if help was given to potential users to install proven automation techniques instead of funding new research.

man of the association's industrial electronic systems section, said in London that the industry's record of exporting more than 60 per cent. of its £200m. annual production was creditable. But more of the output should be used at home.

The Government's assistance to the industry was "misguided." It had always been in the form of direct grants or loans for research or development. It would be better if any finance available was channelled to the user industries.

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The Government's assistance to the industry was "misguided." It had always been in the form of direct grants or loans for research or development. It would be better if any finance available was channelled to the user industries.

Government fails to carry Housing resolution

BY IVOR OWEN, PARLIAMENTARY STAFF

THE GOVERNMENT suffered a procedural reverse in the Commons yesterday when it failed to carry the money resolution authorising expenditure under the Housing (Homeless Persons) Bill.

Conservative MPs forced a division, and although the Government secured a majority of 21-2, Sir Mervyn Gwynne, the Deputy Speaker, ruled that as fewer than 40 MPs had voted the question was not decided.

The money resolution will have to be brought forward on another occasion.

The Bill, which gives local authorities greater powers to provide accommodation for homeless families, is a Private Member's measure introduced by Mr. Stephen Ross (Lib., Isle of Wight).

The Government promised to support the measure as part of the Lab-Lib pact.

Hauliers 'treated with contempt'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE GOVERNMENT had treated road hauliers, with casual contempt and increased taxation on their vehicles beyond the point of fairness, Mr. Norman Fowler, Opposition spokesman on transport, said last night.

Mr. Fowler, speaking to a Road Haulage Association meeting in Devon, said the Government's interest in road freight was confined to the amount of money which could be pumped out of it in the form of taxes.

The Chancellor's Budget broadcast, in which he had justified making heavy lorries pay more tax on the grounds that they do not meet the costs of the damage they cause to roads and because of their environmental nuisance, had been "a gratuitous insult."

It was not fair to characterise road haulage as an anti-social industry. It was in fact highly competitive and carried 85 per cent. of Britain's goods only because customers had accepted that this was the most logical and efficient method.

In his Budget the Chancellor had, under the guise of attacking the heaviest lorries which did not cover their track costs, increased taxes on all road transport, most of which more than met its costs.

OVERSEAS NEWS

Prominent Basque industrialist is kidnapped in Bilbao

BY ROGER MATTHEWS

MADRID, May 20.

ONE of the most prominent industrialists in the Basque region of northern Spain, Sr. Javier Ybarra, was kidnapped from his home in Bilbao by armed men early this morning.

Sr. Ybarra, 63, is president of Babcock and Wilcox Española, in which the British company has a 10 per cent stake, and heads what is perhaps the Basque region's single most wealthy and most influential family.

Sr. Ybarra has largely retired from active business life, but together with his family has extensive industrial banking and newspaper interests. He is also associated with the Right-wing Popular Alliance, which is headed by six former Ministers of General Franco, and is campaigning hard for the June 15 General Election.

The Cabinet, which was meeting in the Prime Minister's office to discuss, among other things, the deterioration of law and order in the Basque provinces, was immediately informed of the kidnapping.

This latest outbreak of politically motivated violence will make it even more difficult for the Cabinet to grant a more generous amnesty and release remaining political prisoners.

Demonstrations in support of a total amnesty, and subsequent clashes with riot police and paramilitary civil guards cost five lives last week. A police officer was later murdered in San Sebastián, allegedly by members of the Basque separatist group ETA, and last night an attempt on the lives of two policemen in the town of Pamplona only narrowly failed.

Sr. Ybarra was taken from his home in a residential suburb of Bilbao by four men and a woman

dressed as hospital staff and carrying sub-machine guns and pistols. The kidnapping victim, who was a former mayor of Bilbao, was driven away in an ambulance and the rest of his family, who had been bound and gagged, were warned not to call the police for at least two hours.

The professionalism of the operation points to ETA. No ransom note was left, and the kidnappers gave no indication of what they might be going to demand. As police road blocks were thrown up around the area, members of the Ybarra family waited for the kidnappers to contact them.

ETA has previously kidnapped prominent business leaders, the worst example occurring over a year ago when the victim was eventually shot in the head and left by the roadside after the kidnappers had strapped an explosive device to his chest and warned him not to try to remove it.

Sr. Marcelino Camacho, Spain's best-known Labour leader and a member of the Central Committee of the Communist Party, was seriously injured in a car accident this afternoon.

Sr. Camacho who is No. 2 on the Communist Party list, was a candidate for Madrid in the coming general elections, exercises considerable influence within the ETA, and last night an attempt on the lives of two policemen in the town of Pamplona only narrowly failed.

Sr. Ybarra was taken from his home in a residential suburb of Bilbao by four men and a woman

Swiss bank regulations

BY JOHN WICKS

MONTREUX, May 20.

A PROPOSED agreement between the Swiss National Bank and the Swiss Bankers' Association might be realised very soon.

According to commercial banking sources, it is likely to be aimed at improving the identification by the country's banks of clients and funds, as well as the rules aimed at preventing banks from soliciting abroad for funds for Swiss accounts.

Reporting procedures are also expected to be strengthened.

This follows talks between the two bodies in Zurich last Monday at which these topics were discussed.

As announced by Dr. Fritz Leutwiler, president of the National Bank, in a television programme last week-end, the new regulations would not be in the form of a "gentlemen's

agreement," but would be legally enforceable; severe sanctions are understood to be envisaged for contravening them.

Any regulation against what the Swiss Banking Commission has called "promotion and organisation" of fugitive money custom could include measures already heralded by Dr. Leutwiler to "demystify" the institution of numbered accounts.

No exact details are yet known of the new rules, particularly since the National Bank and the Bankers' Association are to meet again for consultations on Monday. The topics were discussed.

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Peres briefs Begin on security, foreign policy

BY TOM ACKERMANN

TEL AVIV, May 20.

THE TRANSITION to a right-wing Government effectively got underway here today as the prospective Prime Minister, Mr. Menachem Begin, met with defeated Labour Party leader Mr. Shimon Peres for a confidential briefing on sensitive security and foreign policy matters.

Mr. Begin also took his first step to counter the wave of alarm abroad over his doctrinaire views on retaining the West Bank of the Jordan, and his reputation as a former terrorist commander.

He commissioned Dr. Moshe Arens, an aeronautics engineer brought up in America and Likud Party executive, as his personal lobbyist in the U.S. during the interim period until formation of the new government.

With formal consultations on a coalition not due to start until next Tuesday, leaders of Mr. Begin's Likud bloc all but dismissed the chances of a broad-based government, but expressed

confidence that they would muster at least a majority of two in the 120-seat Knesset, consisting solely of nationalist and religious factions.

Mr. Begin said yesterday he believed he could be in office within 21 days of his being called upon by the President of Israel to compose a government, which will follow publication of the official election results late next week.

An unofficial tally this morning of the late arriving military notes showed Likud getting a 44 per cent share as compared with 22 per cent for Labour. The soldiers' vote bolsters Likud's position, but the coalition is far from certain.

In an interview with the Tel Aviv newspaper Yediot Aharonot today, Mr. Begin responded to the call by the Soviet and U.S.

Foreign Ministers for an autumn reconvening of the Geneva Peace Conference. If it got under way, he was ready to attend personally, as head of the delegation representing Israel, Zionism, and the liberation movements of the Jewish people.

Countering charges of inflexibility, the Likud leader said it was not he but the Arab states who clung to the concept of "not an inch" on the territorial issues. Mr. Begin thus implied that his Government was not unwilling in principle to consider further withdrawals from the Sinai, though not the West Bank or the Golan Heights.

As leader of the opposition after the 1973 war, however, Mr. Begin bitterly opposed the three American-guided interim settlements involving pullbacks on the Syrian and Egyptian fronts, on the grounds that no concrete concessions must be made in the absence of a comprehensive, signed peace treaty.

Fahd for Washington talks

BY ROD NEWMAN

JEDDAH, May 20.

THE HEADS of state of Saudi Arabia, Syria and Egypt have ended a two-hour tripartite summit in Riyadh, the Saudi capital, to compare notes on recent meetings between Arab leaders and U.S. President Jimmy Carter, on the eve of Saudi Crown Prince Fahd's visit to Washington.

Prince Fahd, whose talks with Mr. Carter are scheduled for May 24 and 25, is the last of a series of leading Arab figures, including President Anwar Sadat of Egypt and President Hafiz al-Assad of Syria, to exchange views on Middle East problems with the U.S. President.

Although official statements today following this latest Riyadh summit were confined to the usual declarations of Arab solidarity and common interest, observers said the unexpected

visit by the right-wing Likud in the Israeli elections must have figured high on the agenda.

Observers said that in view of the hardline victory in Israel, Prince Fahd might be obliged to amend his strategy for his talks with Mr. Carter. Before flying out from Riyadh for London, en route for Washington today, the Crown Prince told the official Saudi Press Agency that Saudi Arabia's demands encompassed no more than the implementation of United Nations resolutions on the Palestinian question and the off-putting Arab pre-condition that Israel must withdraw to the pre-1967 borders.

He said Saudi-American relations were "very good" and added: "We always try to preserve these relations to the limits of our mutual interest."

Prince Fahd, who described the Riyadh summit as "constructive and beneficial, especially at this stage which the Arab people are passing through," is taking a high-powered team with him to Washington, including the Oil Minister, Sheikh Ahmed Zaki Yamani, and the influential Minister of Industry and Electricity, Dr. Ghazi al-Gosabi. He added that he would also be meeting Mr. Callaghan in London on Monday.

The official Radio Riyadh said to-night that the Likud victory in Israel would reverse Middle East peace prospects. Referring to Likud leader Mr. Menachem Begin, the radio said: "Political observers now believe that the presence of this adventurer in power in Israel might push Israel towards an adventure that might start a new conflagration, with predictable repercussions."

Progress on Lebanon-PLO agreement

BY IHSAN HAJAZI

BEIRUT, May 20.

PROGRESS has been reported in efforts to enforce the "Cairo Agreement" between Lebanon and Palestinian guerrillas—a key element in restoring the country to normalcy.

The Arab Committee of Four is expected to meet here tomorrow under President Elias Sarkis to put what is described as the last touches to a compromise formula for carrying out the provisions of the accord, which was reached in 1969 to regulate the presence and movement of Palestinian commandos on Lebanese soil.

The ambassadors to Lebanon of Saudi Arabia, Kuwait and Egypt—all members of the Committee of Four—have been holding intensive talks with Lebanese leaders and PLO Chairman Yasir Arafat to ensure that there is a compromise. The fourth member, Col. Mohammed Ali Kholi of Syria, is expected here tomorrow for the meeting.

Leutwiler, president of the National Bank, in a television programme last week-end, the new regulations would not be in the form of a "gentlemen's

Saudi Ambassador, told reporters yesterday after meeting President Sarkis twice that progress had been achieved.

The Arab committee, formed to assist President Sarkis in supervising the Lebanese peace, has been working against time. Its mandate, which was renewed by the Arab League for two months, is due to expire on May 26.

Implementation of the Cairo Agreement has caused a controversy. Under what was described as the "Lebanese interpretation," President Sarkis insisted on bringing Palestinian commandos back under Lebanese sovereignty. They had been under total PLO control for the past eight years. He proposed that the camps be disarmed and that the PLO maintain only seven armed men to keep law and order for every 1,000 inhabitants in the camps.

The PLO strongly objected, saying this number was insufficient protection in view of Israeli threats and past reprisals.

raids against the camps. Under the reported compromise, extra PLO weapons would be kept in the camps under joint Palestinian-Lebanese supervision.

The controversy had held up Mr. Sarkis' moves for national reconciliation. Right-wing Christian leaders and parties insisted on implementation of the agreement with the Palestinians as per the Lebanese interpretation of the future of Lebanon could begin.

The Arab states represented on the committee then decided to apply some pressure. Syrian leaders from President Assad down have repeatedly emphasised two major points: the Cairo Agreement must be carried out, and the delay in implementation would not be used as an excuse by right-wing elements to force reform on the future of Lebanon that are regarded in Damascus as tantamount to partition.

U.S. consumer prices rise 0.8% in April

Consumer Prices in the U.S. rose 0.8 per cent, seasonally adjusted, last month, once again because of higher food and fuel costs. Jurek Martin reports from Washington. Shares on the New York Stock Exchange fell sharply yesterday following the news. Investors are already concerned at what some analysts perceive as the persistence of a further tightening of Federal Reserve Board monetary policy which could lead to higher short-term interest rates.

April was the fourth consecutive month in which the cost of living has increased appreciably. On consequence, according to another report issued by the Labour Department yesterday, is that the real spendable earnings of the American workman are currently declining.

EEC Foreign Ministers meet

Foreign Ministers of the nine EEC countries gathered at Leeds Castle, near Maidstone, for two days of private talks aimed at laying the groundwork for a common approach to the problems posed by the prospective entry into the Community of Greece, Portugal and Spain. Guy de Joux reports from Brussels. The Nine agree in principle that, for political reasons, they must respond positively to EEC membership requests by the three countries. But while Britain and Germany enthusiastically support further enlargements, France and Italy both deeply cost about the economic costs of accepting new members and in particular about the consequences for the Community's already overburdened common agricultural policy.

The Commission has proposed an interim injunction against the current 50p a score (£80) subsidy to U.K. pig farmers was rejected by the Advocate-General in his opinion before the European Court in Luxembourg yesterday. David Buchanan reports from Brussels. The Commission has

argued that the payments comply with EEC competition rules. But if the Court follows yesterday's opinion when it announces its ruling to-morrow morning, it will represent a considerable tactical victory for the U.K. Agriculture Minister, Mr. John Silkin, who introduced the subsidy on January 21. The Advocate-General argued that while the court had the power to rule on the merits of the pig case, it has no power under the Rome Treaty to order injunctions on a member state.

Indonesian oil move

Indonesian oil prices announced yesterday that it will begin enforcing its recently declared 200-mile fishing zone in the Baratus Sea where there is an unsettled boundary dispute with Norway. David Satter reports from Moscow. The Soviet news agency Tass said the 200-mile zone will be enforced on May 25 in areas of the Baratus Sea along the Soviet coast, including water around islands. Norway established its own 200-mile fishing zone on January 1 but the eastern boundary of the zone is still undefined.

Czechs free writer

Mr. Václav Havel, a leading Czech playwright and a principal spokesman for the Charter 77 human rights movement, has been released by the Czech authorities. Paul Lendvai reports from Vienna. He was arrested on January 14. The Czech news agency said he had been freed after promising to give up his role as the Charter 77 spokesman.

Young cautious over Southern Africa plan

BY QUENTIN PEEL

NAIROBI, May 20.

WESTERN approval seemed doubtful to-day for a programme of action in support of the common ground and nationalist movements in Rhodesia and Namibia (South West Africa), including a mandatory arms embargo on South Africa, and a ban on post and telephone communications with Rhodesia.

Mr. Andrew Young, U.S. Ambassador to the UN, told a news conference that the Western states currently involved in efforts for peaceful settlements in both countries were unlikely to support the conclusions of the 90-nation UN conference meeting here, despite efforts by the African delegates to make their demands more acceptable.

But at the same time he said there was "nothing wrong" with either the programme of action or a strongly worded declaration in support of the countries' nationalist movements. "We are in an awkward position," Mr. Young said, "it would 'complicate things' to talk in terms of more sanctions and embargoes in the middle of negotiations."

Crucial talks on Lonrho project

By Alan Darby

KHARTOUM, May 20.

THE SHAREHOLDERS of the Lonrho-managed Kenana sugar project in Sudan met here today in an effort to resolve the

growing problems caused by the doubling of the cost of the scheme to nearly \$600m.

They were expected to consider an increase in the company capital to infuse more funds in the project, and to facilitate raising of loans to meet it.

Today's shareholders meeting will be followed by a meeting of the board to-morrow.

Though the sharp escalation of the cost of the project began apparent more than six months ago, efforts to raise additional finance have hitherto been stalled because of the apparent reluctance of the second biggest shareholder, the Kuwait Government, to commit extra funds to the project.

Delays in signing contracts and ordering equipment are raising the possibility that the first phase of the project will not be ready by the scheduled date of November 1, 1978. The company believes that if a sugar crush season is missed, an extra \$500,000 or more could be added to the cost of the project.

The Kenana Sugar Company is 50 per cent owned by the Sudan Government and the Sudan Development Corporation. It is a joint venture with the Kuwait Government, which is 25 per cent owned by the Kuwait Government, and 25 per cent owned by the Kuwait Government.

The Arab Investment Company, owned by 14 Arab Governments, owns 17 per cent, smaller stakes are held by the United Arab Emirates (UAE), Kuwait (KUW), and Gulf Finance House (GFH).

According to Mr. Sherif Khattim, the Sudanese Minister of Finance, the AIC has agreed to increase its participation in the project to 51 per cent. The Finance Minister was quoted in a report from Doha as saying that its contribution would increase to \$25m, but it is not immediately clear when this referred to a new equity loan, or both.

Soft loans

Assuming that the November 1978 starting date is met, initial capital cost of the project is put at \$475m, but the total funding requirement up to the time the factory is fully operational is put at \$600m, against a figure of \$250m, stated in 1969 and \$350m, last summer.

The company's finance committee decided that an additional \$250m should be sought by increasing the company's capital from \$100m to \$150m, by selling soft loans of \$100m, to the industrialists, by raising export credits and by raising \$75m in commercial loans.

A fund-raising prospectus drawn up by Kenana executives for adoption by the shareholders in a meeting on that date, the KFTCIC representative went home before it had been ratified.

The KFTCIC indicated uneasiness over the progress of the project, which is to build 350,000 tons of sugar, 100 miles south of Khartoum, commissioning the U.S. consultants Alexander and Baldwin reassess it.

The report did not appear to doubt the viability of the scheme, but shareholders now accept that it may be years rather than five before receiving a dividend. A record in sugar prices would radiate after this prospect.

Equipment for the factory being supplied by the French concern Technip and Japanese company Nishio, which has a small stake in the project. Last week the British Government announced that it had a contract worth \$42.5m, to the factory.

Giscard's party changes its name

By David Curry

PARIS, May 20.

TAKING A leaf out of the Giscard's book, President Giscard's Independent Republican Party has changed its name to the Republican Party.

The change was made at party's congress at Frejus, which the Minister for Sport Youth, M. Jean-Pierre Solé was elected general secretary, whip it into shape for next year's General Election battle.

Meanwhile the Giscardian rumour about the health of François Mitterrand, the Socialist leader, have resurfaced following his recent below-par election performance against Barre.

INTERNATIONAL COMPANY NEWS

ANIC against any chemical cartel

BY PAUL BETTS

ROME, May 20.

SIG. ITALO RAGNI, chairman of the State-controlled ANIC chemical concern, cautiously welcomed to-day the projected agreement between two other Italian chemical giants—Montedison and SIR—to coordinate their respective future investment programmes. He warned, however, that ANIC could be averse to any form of "cartel agreement" between Italian chemical groups.

Speaking at the meeting in Milan, Sig. Ragni added that ANIC so far had had no effective contact with other Italian chemical concerns over a broad rationalisation plan for this crucial but troubled sector of the economy.

ANIC also reported to-day real losses of L108bn. (about £72m.) last year compared to a loss of L21bn. in the previous year. Last year's loss, however, has effectively been cut back to L44.8bn. following a capital write-down

last year from L113.5bn. to L56.75bn. as a cost reduction in the nominal value of shares, and a subsequent capital increase raising the share capital to L198.7bn.

The company has accumulated debts totalling L786bn. Group turnover last year increased by 38 per cent to L773bn. This increase, however, must be set against an Italian inflation rate of about 21 per cent in the first four months of this year. ANIC's turnover totalled L257bn., an increase of 18 per cent on the same period the year before.

The company said that its current investment programme amounted to L1,540bn. This year investments are expected to total between L200bn. and L250bn. ANIC are now proposing to raise some L58bn. through a convertible bond issue yet to be approved.

Bruxelles Lambert

By David Buchan

BRUSSELS, May 20.

THE SECOND biggest Belgian bank, Banque Bruxelles Lambert, has raised its dividend for 1976 to B.Frs.60 net (40), and announced higher profits. Gross profits for the past financial year rose to B.Frs.1,990bn. (£32m.) from B.Frs.1,885bn. the year before, and after tax and depreciation net profits were up to B.Frs.354m. (B.Frs.365m.).

An improved performance for the bank which, of Belgium's top three banks, has in recent years been the slowest, was forecast a week ago by Baron Lambert.

Brown Boveri

By John Wicks

ZURICH, May 20.

BROWN BOVERI expects an improvement in orders this year. This was stated at a Zurich Press conference by Franz Luterbacher, its chairman. In 1976, group orders received fell worldwide by some 22 per cent. In Sw.Frs.5.55bn.—a decline equal to one of 17.1 per cent had exchange rates remained at 1975 levels.

Group sales for 1976 were 9 per cent higher at Sw.Frs.4.43bn. and would, according to Luterbacher, have risen by some 18 per cent, to Sw.Frs.5.8bn. If the Swiss franc had not appreciated further,

Japanese industrial production increases by 2.5% in month

BY CHARLES SMITH

TOKYO, May 20.

INDUSTRIAL production in Japan rose by 2.5 per cent in March compared with February, the biggest monthly gain in 15 months, while the second quarter may yield as much as 1.9 per cent, increase was an upward revision from the earlier estimate of 0.9 per cent. It follows a fall of 1.9 per cent in February and a marginal gain of 0.3 per cent in January.

The March gain is one more piece of evidence to back up the official claim that Japan's economy is picking up steam at last, though it remains to be seen whether this is a merely seasonal phenomenon.

Other encouraging indices are: a 2.9 per cent gain in shipments of manufactured goods in March (the biggest rise for four months) and the first decline in production inventories (1 per cent) registered in the past seven months.

The Government has been forecasting that industrial production will show a further rise of 1.7 per cent in April followed by a fall of more than 2 per cent in May. Recently, however, officials have begun to question the assumption of a May production decline, pointing out that rising shipments earlier in the spring should serve to keep production growing.

On the strength of the industrial production figures, the Carter administration to-day signed an agreement with the Japanese Government under which, as expected, Japanese colour television producers agree voluntarily to restrict exports to the United States in the three years beginning July 1. David Bell writes from Washington. The orderly marketing agreement, which follows several weeks of hard bargaining, allows Japanese producers to export 1.75m. completed sets, and broadens the definition of the latter. Of the 1.75m. total some 190,000 are defined as "almost completed," that is, they need only minimal additional work before they are fully assembled. Last year, Japanese imports climbed to 2.7m. sets, more than 1m. above the average figure in preceding years.

A growth rate of 1.9 per cent for the second quarter would mean that the economy would be almost on-course for the annual GNP target of 6.7 per cent laid down by the Government for fiscal 1977. The question is whether the economy can be expected to retain the vigour it seems to be showing at present later in the year.

The main reasons for recent strength seem to have been continued high exports and a seasonal rise in public works expenditure (resulting from the start of works in areas of Japan recently freed from four-month long winter snows).

The Government is aiming to disburse 73 per cent of the public works expenditure earmarked for the current year during the six months from April to September, which means that there will be a sharp fall-off later in the year. As far as exports are concerned, Japan says it expects the rate of increase to fall off later in the year, but its credibility on this point is open to doubt.

Consumption remains one of the weaker elements in the economic picture with department store sales showing gains in February of only 8.1 per cent over a year previous and 7.4 per cent in March, less than the increase in the consumer price index.

If these figures turn out to be correct the annual growth rate of the GNP for the 1976 fiscal year (ending in March) would be remarkably close to the Government's original estimate of 5.6 per cent.

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Saturday May 21 1977

Building Societies

For a movement considered very much central to the nation's social machinery, the building societies are under increasing public criticism. They counter by pointing to the problems of to-day's erratic economic climate. But in the long run their role may need re-examination.

Vindictive social change

Michael Cassell

Little over twelve months, building society interest rates have been reduced, then pushed back to record levels and again reduced. Within the next weeks, another interest rate rise is due and further cuts—up or down—could be ruled out before the end of the year.

Short, the movement has experienced a more turbulent period in its long and history—the only possible under being 1973—and the year in which it has coped with an ever-changing situation ever come under closer or critical scrutiny.

The movement, or at least sections of it, believes it has had "a bad press" that far too much attention has been paid by the media to add to the already too large and too irrelevant while its fundamental issues have been largely overlooked. Building societies point out that last year's societies were faced with rapidly changing economic ground against which they were forced to do their best.

Their efforts, they say, to hang on to the coat-tails of the economy were in the event rather successful.

Between May and October last year Minimum Lending Rate rose by no less than six points while the mortgage rate increased by only 12 per cent to a figure still 21 per cent below MLR. During the year over £6bn went into the housing market and 715,000 people took up new mortgages through a building society, nearly half of them buying for the first time and 40 per cent of them with less than average incomes.

Despite the very wide fluctuations in the volume of savings the societies managed to attract—from nearly £400m. in one month to just over £20m. in another—the level of mortgage advances remained high and fairly steady. In addition, house prices "rose" only modestly, proving that a wealth of building society funds cannot alone cause the type of price spiral experienced four years ago and blamed on the societies.

Outlook

This year, despite all the gloomy forecasts being made around the end of 1976, when the societies seemed to be heading for a repeat of the early days of 1974—more money going out than coming in—the outlook now looks bright. Last year's lending figure could conceivably be repeated or even passed and the cost of a home loan could be back down to the levels of early 1976. Some executives privately believe that the mortgage rate could be as low as 10 per cent, or even 9 per cent, by the end of the year.

But the last year has seen plenty of criticism. Once again, the major cause for dissatisfaction has been the movement's apparent reluctance to do anything at times when just about everyone else believes action

is required. Criticism that societies are quick to increase rates but slow to reduce them gathered momentum recently when MLR plunged and the movement left its interest rates at "emergency" levels.

Even when a decision to reduce rates was taken, the result represented the classic compromise solution which has come to be expected from the movement, but which provides its most persistent critics with yet more ammunition. The trimming of rates, they said, was clearly not enough and a major adjustment was required to bring building societies down out of orbit and to put them back in line with general interest rates throughout the economy.

To be fair to the societies, there was a substantial body of opinion which felt that a larger cut in rates was desirable. But eventually the more cautious executives, who always seem to believe that nothing is lost by leaving themselves a little more time, won the day and kept the changes to a minimum.

Now, with the societies' interest rate differentials over other competing institutions remaining very high, and funds flowing in at record levels, the second part of a move which a month ago some people wanted to take in one step will now have to be considered. Even so, there are still some executives who feel that a June decision is too early and that they should wait to ensure that the present healthy trend in receipts is set to continue for at least the next few months. Embarrassingly high operating margins should, however, overcome the reluctance shown in some quarters.

The fact is that societies are now living in a different world from the one which surrounded them for the greater part of their 200-year-old history. Their failures and successes are governed by much wider outside

influences than ever before and they have to be ready to respond, adapt and change to suit the prevailing economic winds. For some, the process has been easily accepted; for others it has not.

In any case, the societies ask, how much criticism should they reasonably expect to face because they are always ready to be ready to err on the side of caution? Their argument is that they must consistently bear in mind the interests of both borrowers and investors and that to maintain the balance is an essential but not always easy task. When other considerations, such as the well-being of house builders and the rate of house price increases are thrown in, the task becomes even more delicate.

Together

Criticism has not, however, been confined to the movement's conservative characteristics. Most of the areas to come under scrutiny are the same as in the past, but there is no doubt that over the past few months they have been brought together to form a more comprehensive argument on behalf of those people—politicians, members of the public and of the Press—who believe the societies could do with a dig in the ribs.

The societies' efforts to fill the gap left by the drastic reductions in local authority mortgage finance have also been picked upon. In the same area, their alleged reluctance to lend on certain properties in inner city areas because of their location alone has caused considerable controversy.

The societies admit that the programme aimed at replacing the cut-back in local authority lending was slow off the mark but claim it is now working well. By the end of 1976 over

£133m. had been allocated for mortgage applicants nominated by local authorities. Their role in this field is now set to expand further and under the recently arranged combined lending scheme—which involves a mix of public and building society funds—the English authorities will receive mortgage allocations in 1977-78 totalling £273m., of which £157m. will come from the societies. This will maintain lending at about the same level as in the current year, although the public sector contribution will be roughly halved.

Repeat

The societies are used to the accusations and simply repeat the figures on management expenses. In 1976 they represented less than 1 per cent of societies' assets, a slight increase on the previous year's figure but still lower than any of those of their competitors, such as the trustee savings banks. As for actual branches, the societies have less than two and a half times the number of outlets as the TSB although they handle five times the amount of savings, while the four major clearing banks have three times as many branch offices as all the building societies put together.

There have been other complaints as well, although the societies are daily becoming more resilient. The recent rough ride prompted Mr. Raymond Potter, retiring chairman of the Building Societies Association, to urge this week's annual meeting of the BSA to get on with the job regardless. "It is very difficult to be 100 per cent successful and if you are then you are the object of envy. If, however, you are only 90 per cent successful, opinion appears to focus on the 10 per cent failure rather than the overwhelming proportion of success."

Lending policies apart, the failure of the societies to take over the task of the cost of running

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Neighing up the choice of mortgage

IS NOW almost a cliché to say that buying a house is one of life's most important decisions and that the would-be buyer should take it very seriously indeed. Of course the chaser usually does take it seriously, but he comes up with conflicting advice and confusion. However, the building societies' attitude to property is relatively straightforward. They want a property which is saleable and on which they can cover the debt—and they regard lending on an inferior, possibly unsaleable, property as not being in the interests of the borrower either.

But within that general context Mr. Griggs says that there has been a trend to lending more "down market" both in respect of properties and borrowers.

For example, societies are getting more willing to lend on converted properties whereas once "purpose built" was the magic phrase to unlock the coffers.

As for the type of mortgage the borrower should have, it is worth remembering that the building society itself is willing to discuss this with a potential borrower and give him advice linked to his individual circumstances. So it is worth asking for the benefit of their experience.

But in the end the usual choice is between a repayment mortgage, an endowment mortgage, or a low-cost endowment mortgage plan. The first is the one that most people think of initially, since it is the most simple. The borrower makes level monthly payments to the building society made up partly of interest on the loan and partly of loan repayment. In the early years most of the payment will be loan interest, but this situation is gradually reversed over the duration. Life assurance protection is not included in this type of mortgage. The most obvious alternative is the endowment scheme which these days usually means a with-profit endowment. This is where

the borrower takes out an endowment assurance for the same amount and term of the loan. Bonuses are added each year to the value of the policy so the chances are that the borrower will emerge at the end of the term with his house paid for and a handsome tax-free sum besides.

Relief

He will also not have had to worry about life assurance protection and will get tax relief on the whole amount of the loan over the full term. Balancing these advantages, the monthly payments are higher than those of a building society repayment scheme, which is why low-cost endowment plans are becoming popular. These allow the borrower to take out a policy for a smaller sum assured than the full amount of the loan, on the conservative assumption that the bonuses added will bring the policy proceeds at maturity to a figure sufficient to repay the full loan.

What does this mean in overall terms to a basic rate 35-year-old borrower with a £10,000 loan repayable over 25 years, assuming current levels of interest payable (11 per cent on a repayment loan and 11½ per cent on either of the endowments)?

The net monthly cost for the repayment scheme would be £79.42 including the costs of a mortgage protection policy, and at the end of the term the borrower would be left with the house and nothing more. On a with-profit endowment scheme his net monthly cost would be £93.47 and estimated surplus bonuses at the end of the policy amount to £18,310. As for the low-cost plan, the net monthly cost is £76.88 and there might be £2,285 of surplus bonuses at the end of the period.

For people who pay insufficient tax to benefit from tax relief on mortgage interest, there is also the choice of an option mortgage where the borrower pays a lower rate of interest and the Government makes up the difference to the building society. But for most people it is a choice between a repayment scheme or an endowment in either the with-profits or low-cost form.

Taking the straight with-profits endowment, this looks very tempting in view of the sum at the end of the day—and becomes more attractive for borrowers on higher rate taxes. But it is probably not for someone who is having to watch every penny, and for two main reasons. The first is that in the early stages the borrower might well be better off either buying a better house or feeling less worried about his repayments. The second is that if the mortgage rate goes up the borrower has no alternative other than to increase his monthly repayments under an endowment mortgage whereas he is more flexible with a repayment.

It is a more difficult decision to make when choosing between a low-cost endowment plan and a repayment. For the monthly costs are basically on all fours and there is a bonus to look forward to at the end of the term with the low-cost scheme. But the necessity to keep payments in line with current interest rates still applies and low-cost schemes are sometimes worried about a young married couple both working and doing their best to raise a mortgage on their first house.

The reason is that whereas a repayment mortgage may have its term extended at a later stage to make payments easier to bear (if, for example, offspring come into the picture), the low-cost endowment scheme is more rigid. Similarly a couple who get into financial difficulties, perhaps through loss of employment, are usually treated leniently by building societies but they cannot reduce their repayments with an

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BUILDING SOCIETIES II

Era of volatile money rates

THE BUILDING SOCIETIES have had to come to terms during the past couple of years with a financial environment in which interest rates fluctuate much more sharply than in the past. And this period is certainly not over yet.

The explanation for the consequent sharp fluctuations in the net inflows to the societies can be seen both in the relative trend of interest rates and in the general savings and economic background. The starting point here is the behaviour of the savings ratio, which is defined as the proportion of personal disposable income (after taxes and Government benefits) which is saved. This ratio has until recently been running at a much higher level than at any time during the post-war period up to this decade. It rose sharply between the beginning of 1972 and end 1974/early 1975—up from about 8 or 9 per cent. to a peak of 16 per cent.

Reasons

There are several reasons for the rise. One popular theory is that consumers only adjust to changes in income which they believe will be permanent. Consequently, when post-tax incomes are rising sharply, as occurred between 1972 and 1975, consumer spending does not increase by a proportionate amount, and the savings ratio increases as a percentage of disposable income. This was reflected in this period in a sharp rise in voluntary savings such as bank deposits, holdings of Government stocks, and company securities as well as in building society investments.

In contrast, when incomes are squeezed by the impact of a high rate of price inflation at a time of wage restraint, consumers hold up the level of their consumer spending for some time—in the hope that the squeeze will be only temporary. The result is that the savings ratio falls.

Delays between changes in the rate of increase in income and in the savings ratio appear to have become longer than previously because of apprehension about rising prices and higher unemployment. This has led to more precautionary savings, reflecting a possible desire to have a minimum level of readily realisable savings.

The evidence of the last few years does not provide conclu-

sive evidence either way, though it is clear the steady increase in contractual savings—via contributions to life assurance policies and pension funds—has been less important than changes in the pattern of personal sector bank and hire purchase borrowing.

The high savings ratio in 1974-75 was largely the result of a reduction in personal borrowing, since voluntary saving actually declined. In contrast, the decline in the savings ratio since the beginning of 1975 can be explained to some extent by a higher level of personal borrowing, though building society savings have also fallen.

There is not, however, an exact relationship between the savings ratio and the level of building society receipts. Indeed the net inflow to the societies declined in both 1972 and 1974 in spite of a rise in the savings ratio in both years.

This does not mean that the societies' fortunes are solely affected by competition from other forms of investment. Indeed during the last year it is clear the sharp decline in the savings ratio has, at the least, exacerbated some of the problems caused by changes in relative interest rates.

For example, the savings ratio fell from 15.5 to 11.5 per cent. between the third and fourth quarters of last year. This is a very large movement for such a ratio; while it may exaggerate the underlying trend because of the payment of tax rebates in the summer, the result was that in cash terms personal savings fell from £3.4bn. to £2.55bn. This was reflected in a cut in voluntary/discretionary savings, notably building society depo-

sits. The net inflow to societies was only £182m. in the last quarter of 1976 compared with £327m. in the previous three months.

The recovery in the net inflow was relatively slow during the first couple of months of this year in view of the interest rate background. This probably reflected a savings ratio which was still well below the average for last year, even if possibly fractionally higher than in the fourth quarter. This is because consumers have now clearly adjusted their spending patterns down to almost the lowest level for more than four years. The official expectation is that the ratio should stabilise from now onwards along with real personal disposable incomes.

Check

But the decline in the ratio from the higher level of recent years certainly applies a cautionary check to the societies in their interest rate policies even if it is not the predominant influence. The key factor is of course the general level and distribution of interest rates, and the societies' problems have been aggravated by their general inflexibility in making quick changes in a rapidly changing situation.

The cumbersome process of changing mortgage rates—requiring long notice under many mortgage deeds—coupled with political and other pressures against large increases has meant that the societies' inflow has tended to suffer when interest rates generally are rising. Conversely, the societies' caution, both in the timing and in the extent of their cuts in

rates when general interest rates are declining has boosted their inflows.

As Mr. Raymond Potter said in his chairman's address to the annual meeting of the Building Societies' Association last Wednesday: "Over a period during which general rates are subject to substantial fluctuations and demand for home ownership remains insatiable, it is not easy at all times to fulfil this object."

The societies both suffered and benefited when they remained firm with a mortgage rate of 11 per cent. between autumn 1973 and April 1976 despite 28 changes in Minimum Lending Rate between the range of 9 and 11 per cent. (The investment rate was cut once in summer 1975 to reflect a change in the tax position.) This resulted in sharp changes in the interest rate differential with alternative types of savings, notably seven day deposits with clearing banks and three-month deposits with local authorities.

Changes in this differential were reflected—after certain time lags and after taking into account changes in the overall pool of savings—in the inflow to the societies. The fluctuations in the net inflow may also reflect an increasing sophistication on the part of investors. There are now more of the bigger class of depositor, with societies, and these are highly sensitive to relative interest rates.

The speed with which the societies could become uncompetitive was shown clearly last year. In January 1976 the societies were offering a grossed-up return to the standard rate taxpayer of 10.77 per

cent, compared with a rate of gross to the standard rate taxpayer of about 10 per cent. for three-month deposits with local authorities. This margin steadily improved and in the spring the societies cut their rates so that their grossed-up return was down to 10 per cent.

Their timing could not have been more unfortunate since just as the decision was made the relentless climb upwards of general interest rates began in response to last year's recurrent sterling crisis. The jump in MLR from 9 to 15 per cent. between April and early October was matched by a rise in clearing bank seven-day deposit rates from 5½ to 11 per cent. and by an increase in local authority three-month deposit rates from 8½ to 15½ per cent. This of course left the societies stranded, which was reflected in a sharp fall in their net receipts from a peak of £376m. in March last year—as a result of their delay in cutting rates to follow down other interest rates—to a low of £23m. in November.

Reluctance

The rise in the societies' rates in November—and for a grossed-up investment return of 12 per cent.—was not nearly as large as the increase in other interest rates. Indeed, the possibility of a further rise in rates did not finally disappear until the New Year. The November increase certainly took some time to take effect, partly because of the sharp fall in the general level of savings but also, apparently, because of the impact of the 16th issue of the National Savings Certificate which offered 13.5 per cent.

gross to the standard rate taxpayer. This issue clearly attracted away money until the end of March, when it was withdrawn, as planned. This may partly explain the societies' reluctance to bring down rates quickly following the rapid fall in general interest rates from early January onwards.

But even when a cut in rates was announced in April, it was fairly modest—a point fall in the mortgage rate to 11½ per cent. and a reduction in the grossed-up return from 12 to 10.77 per cent. This immediately appeared rather too cautious a move as evidence came in of a dramatic improvement in the societies' net inflow—in the event up from £202m. to a record £475m. in April. At the same time, a further cut in bank interest rates left a gap of 6½ per cent. between their respective gross returns. In view of this, a further cut in rates is expected to be announced on June 10.

The societies are still cautious, partly because of their experience last year, with a reluctance to see a reduction followed by a series of expensive increases. But they also wish to maintain a high level of receipts in order to restore high lending quotas. The present interest rate differential would appear to permit this even given the pressures on the overall level of savings present from the tight squeeze on disposable incomes. However, if some of the problems of the past couple of years are to be avoided, then more frequent changes in rates will be required to match the greater volatility in financial markets.

Peter Riddell

New ways to attract savers

THE FREQUENT and sharp changes in the competitive position of building societies in the last few years have only aggravated their basic dilemma of how to attract sufficient funds while borrowing short and lending long and have intensified the search for longer-term sources of capital. A large proportion of the societies' money is, of course, effectively available on demand, or at least three months' notice at most, while loans are fixed for 25 years on average.

This is a position they have learnt to live with well in the past but the problems have grown more serious in recent years because of both the greater fluctuations in short-term money market conditions and a quicker response by investors to interest rate changes. The delayed and somewhat inflexible response of societies to changes in general interest rates—for legal/administrative reasons as well as because of inherent caution—has meant that net inflows have fluctuated rapidly.

At the same time the societies, in conjunction with the Government, have become committed to maintain a high and fairly stable level of advance. This has been in order to try to avoid some of the big changes in the level of lending of the early 1970s, and the associated impact on house prices.

Although variations in the level of liquidity can help to even out the fluctuations in the inflows, the societies' reserves are not a sufficient counter-cyclical tool in themselves. Consequently the societies have started increasingly to look at new ways of raising capital, notably via term shares.

Rapidly

Term shares—essentially the deposit of a certain minimum capital sum for a fixed period in return for a higher interest rate—have grown rapidly during the past few years as public demand for high interest rate investments has risen. The total amount held in term shares has risen by more than ten times in the past three years to over £2bn. This was equivalent to nearly 9 per cent. of all building society share balances at the end of last year. For some societies, the proportion is higher.

The gap between the net rate offered on share accounts and on term deposits is about a point for a period of three years, and half a point for two years. At present, for example, the major societies offer 7 per cent. net (10.77 per cent. gross to the standard rate taxpayer) on their share accounts, but 8 per cent. net for a period of three years and 7.5 per cent. for two years. In general there is a

minimum deposit of £500 to £1,000.

Although the major societies are not competing among themselves on the rates offered on term loans, as they do not on ordinary share account rates, much higher rates are offered by some smaller societies. For example, the Hearts of Oak and Enfield which offers a higher net share account rate of 8 per cent. will pay 8.75 per cent. for two years (with a minimum deposit of £1,000), 9 per cent. for three years and 9.75 per cent. for four years. This is equivalent to a grossed-up return of over 14½ per cent. Among the other societies offering more than the rate offered by the major societies for two-year term deposits are the Greenwich, Guardian, Magnet and Planet, Property Owners and Sussex Mutual.

But these extra payments also clearly mean an additional cost to societies. There are a number of responses to this—one is to try to offset some of the increased costs by investing to secure a high return in the money market. This is of course partly a circular exercise, though it is argued that the societies need to run a higher level of liquidity nowadays in view of the greater volatility in their net inflows.

The main solution has been to charge a higher interest rate on some categories of loans to borrowers. In the main, this means a higher mortgage rate for "special advances"—loans above £20,000—and other special types of mortgage. Some societies start their differential mortgage rates at this point, while others operate a sliding scale of bands starting at a lower level. In addition, endowment life assurance linked business has always tended to be at a higher rate, while some of the smaller societies have tended to charge more on all their loans, to match the higher rates some anyway pay on their ordinary share accounts.

The rapid growth of term shares, with the implications this has for the mortgage rate structure, has become a subject of considerable controversy within the building society movement. The Chief Registrar of Friendly Societies has taken a cautious view of term shares, arguing the need for prudent control and close monitoring. In his report published last summer, he said that "until further practical experience of the operation and effectiveness of term shares has been gained, societies will wish to continue to exercise restraint in issuing them."

Broadly, the argument for term shares is that the societies should develop a new capital structure which, while still founded upon the withdrawal-on-demand share account, has

a sizeable contribution from term shares providing longer-term and more stable money. On this view, it is desirable to protect against sudden withdrawals from the increasingly large number of interest-rate sensitive investors. Hence it is in the societies' interest to pay more for some of the money they provide more security and prevent at least some of the expensive across-the-board charges.

Changed

It is also possible that the whole rate structure could eventually be changed with lower rates than now paid on money on immediate demand and higher rates for longer-term deposits. This would recognise the changes in the needs and demands of building societies.

The parallel argument for a sliding scale of mortgage rates to match higher investment rates is that large borrowers should pay relatively more for having the advantage of a larger than normal advance.

On the other side, it is argued that term shares merely result in a redistribution of society deposits, and not a substantial increase in total deposits. On this view, the offer of term shares results in a transfer of money from ordinary share accounts with little additional inflow but, of course, higher interest costs for the societies than they need otherwise have paid.

The evidence of the past few years with sharp fluctuations in the net inflow to societies does, however, suggest that savers are now more sensitive to interest rates. It is therefore possible that the introduction of term shares has ensured that some money stays with societies which would otherwise have gone to, say, local authorities.

The other fundamental argument is that the introduction of term shares and differential mortgage rates is challenging the mutual principles and approach of equal treatment to all upon which the societies have thrived for so long.

In addition to offering high interest rates on longer-term investments, the societies have also been paying more regular savers through substantial shares. Most of the societies currently offer 14½ per cent. net more on subscription schemes than on ordinary share accounts. The attraction of these schemes is that higher rate of interest is paid without loss of freedom to withdraw. There is no penalty subscription lapses, though the rate of interest may be transferred into an ordinary share account with loss of benefit from the interest rate. Some societies permit even greater flexibility.

It is also possible to regularly via a linked assurance scheme which involves the payment of a monthly premium. Part of is retained to meet the cost of a life policy with the going to the building society.

Right
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SATURDAY, MAY 21, 1977

Surplus, but inflating

THE SHARP rise in retail prices in April will put paid to any premature euphoria about the state of the British economy. Both on a year-on-year comparison, and on an adjusted six-month rate, price increases are still accelerating. In April retail prices were about 17½ per cent. above the year before. As the May and June figures of 1976 were comparatively low, the statistical inflation rate is likely to remain high until well into the summer. The main reason for the present upsurge is of course the sharp fall in sterling which took place in 1976. As this does not look like being repeated — if anything the authorities are worried about the excessive strength of sterling — there is a good chance that the rate of inflation really will go down even though the Chancellor has forecast such a development.

But the official view that it will be down to 8½ per cent. in the spring of 1978 is at the optimistic end of the likely range. The modesty of the Government's anti-inflationary ambitions can be seen from the hints about Phase Three. The Ministerial view appears to be that it should not add more than 10 per cent. to earnings. With some allowance for unpredictable slippage and less than water-tight productivity deals, the earnings increase could easily be in double figure percentages.

Low point

The persistence of a high rate of inflation at a time of fairly depressed economic activity is an international one. In the whole OECD area the inflationary low point of the present cycle was reached in 1976 when prices rose by an average of 8½ per cent. This was much higher than the high point of earlier cycles. Yet in the middle stages of a very modest recovery, which most political leaders regard as too sluggish, the rate of inflation has already risen again to over 9 per cent.

In the U.K. domestic monetary policy has been pretty restrictive. In the year up to April the sterling component of the money stock rose by only about 7½ per cent., well below the Government's target range of 9 to 13 per cent. Indeed, some financial analysts believe that this squeeze is going to put the British economy back

into recession. Certainly retail sales have remained very depressed. On the other hand, employment has for once surpassed the forecasts by being higher than expected—whether because of stagnant productivity or the expansion of services or other distortions in the indicators. The unemployment and vacancy figures due next Tuesday may help to answer some questions about the real domestic economy.

DCE

There is, however, a danger that the money supply will take another lurch from the excessive contraction of the last few months to excessive stimulants. The danger comes out very clearly in a welcome new monthly table with the April banking figures. This shows just how misleading the IMF indicator of Domestic Credit Expansion (DCE) can be when the balance of payments is in surplus. In the three months to mid-April there was in fact a fall in DCE, but the money supply nevertheless rose because of the overseas inflow although still by a modest amount.

The authorities clearly feel that short-term interest rates cannot fall much further if the monetary targets are to be maintained without too much friction. M.R. remained at 8½ per cent. this week. But holding up interest rates is no solution. The April trade figures marked a more decisive turn towards surplus in the current balance of payments than earlier improvements. If interest rates are maintained this will encourage a net inflow of funds of a kind which Germany and Switzerland experienced when they were trying to fight off revaluation.

One way to resolve this dilemma would be to allow the exchange rate to rise with market forces so that there is no net inflow into the reserves. The Government is reluctant to countenance a sterling appreciation because of the supposed effects on export competitiveness. But even if this argument were valid, it would be possible to operate on the capital account to avoid a reserve inflow. One possibility is to liberalise outward exchange controls. Another, and politically more likely method, would be to make an early start on the repayment of official overseas debt.

Unions struggle to organise North Sea oil rigs

BY RAY PERMAN and ALAN PIKE

"If people mess me about company thought was behind the recruitment, I don't think it was coincidental and I don't think anyone in their right minds would either."

Mr. Alan Bristow, their tough, baccaneering employer, displays an attitude which has turned a comparatively simple strike over a man who was indeed fired into a much bigger issue.

Mr. Bristow, himself a helicopter pilot who once served in Indo-China attached to the Foreign Legion and operated whale-spotting helicopters in the Antarctic, is now increasingly at the centre of the whole controversy. He has been with Bristow's for 18 months and his letter of appointment said that he would be employed in the U.K. until September. When he refused a posting first to Nigeria then to Malaysia he was sent a letter of dismissal with the option of three months salary in lieu of notice.

Initially some 56 pilots walked out and began picketing the Bristow depot, but three have now gone back to work. BALPA set up a base in the nearby Skean Dhu Hotel, but was slow to spread the dispute. A one-day strike of helicopter pilots at British Airways' Aberdeen depot was called as a show of strength, but made no impression at all on Mr. Bristow. Since those early days the strike has grown into a long war of attrition. With half its Aberdeen pilots still at work Bristow's has been able to keep flying, but on a reduced scale.

The company's non-strike attitude extends to ground staff and tanker drivers enabling it to keep its aircraft serviced and fuelled in spite of attempts by BALPA to enlist the support of other unions in starving Bristow's of aviation spirit and spare parts.

For its part Bristow's has doggedly stuck to its guns. It has offered to reinstate any of the striking pilots, including Capt. Royston, providing they come individually to the company to ask for their jobs back—something, says Mr. Banning, they cannot do. Either they are taken back collectively with an honourable settlement, or not at all.

The Advisory Conciliation and Arbitration Service has tried to get the two sides together, but to no avail. Its efforts have foundered on Mr. Bristow's refusal to accept mediation. If attempts by BALPA to put direct pressure on the helicopter firm have failed, so too up to now have attempts to apply indirect pressure by involving its customers, the major oil companies. But it is this development that has given the dispute much wider significance and threatened to spread its effects far beyond Aberdeen.

BALPA enlisted the aid of the Offshore Inter Union Committee, which from a headquarters in Aberdeen has been co-ordinating efforts by a dozen or so major trade unions to gain a foothold in the North Sea oil industry. The Offshore

Committee looked at the dispute at the start as a bit of a sideline to its own activities, but offered support in the interests of seeing an anti-union employer brought into line.

But slowly, as more and more workers became drawn into sympathy actions, the Offshore Committee has found itself confronting the oil companies en masse for the first time. "We are in a position now," commented Mr. Harry Bygate, local official of the National Union of Seamen and a member of the Committee, "where we are challenging a considerable part of the North Sea industry."

The action started when the two seamen's unions and the Transport and General Workers Union, representing dockers, agreed to black all supplies going to rigs and platforms operated by companies which are still using Bristow flights.

Declined to stop

The intention was to persuade British Petroleum, Mobil, Barmah, Texaco and Amoco, to stop using Bristow's but it is a measure of the weakness of unions in the oil industry that so far it has failed. Although some leading figures in the oil industry have told Mr. Bristow that they want the dispute ended, he has remained unmoved and they have declined to stop using his helicopters.

The oil companies have remained silent about the extent to which they have suffered as a result of the blacking, but it is a fair bet that they would have acted quickly had their activities been seriously threatened.

BP in particular would be very vulnerable to such action if it was effective. The Forties Field, which only recently began repaying its \$800m. development cost, has three production platforms on stream and a fourth is due to come into operation shortly. All are served by air from Dyce and by sea from BP's own depot at Dundee. According to Mr. Bygate eight of the ten ships stopped by the blacking were on contract to BP, but the company has been able to keep going by shipping only priority freight and using ships operated by foreign companies or sailing under flags of convenience. In three foreign-owned shipping companies operating from Aberdeen — Zapata Offshore Services, Tidewater Marine Services and A. Levy — the unions have been able to stop two vessels which had British crews, but at least a further 14 are still sailing.

The seamen's unions will be



Mr. Alan Bristow: ex fighter with Foreign Legion, and a Croix de Guerre.

helped in their campaign to unionise all supply ships by the interest now being taken in the North Sea by the International Transport Workers Federation and individual foreign unions and such as the National Maritime Union of America, which has now joined the Offshore Committee.

But a tough task still faces the short-based unions trying to recruit among the men—nearly 10,000—working on offshore structures. In a completely new industry they have often found hostility from workers and employers who have been used to countries which do not share Britain's strong trade union traditions.

The Government has been keen to help the unions, both out of a general ideological commitment to encourage trade unionism and in order to regulate pay and conditions and enforce safety standards. But still on

there are limits to what can be done without risking embarrasing confrontation. A memorandum of understanding between the Department of Energy, the oil companies and the unions was drawn up last year and gave union officials "access to rigs and platforms" but while the dispute is on that agreement is virtually still a dead letter.

There have also been regular meetings between the Offshore Committee and the "liaison panel" of the U.K. Offshore Operators Association to discuss access and in very general terms the procedures for recognition. But again these have been of limited value to the unions since the Association has party of its list of rig operators to no power to negotiate. The most recent meeting was called off by the companies, which felt it would be unhelpful to meet while the Bristow dispute was still on.

Recognition has to be negotiated with individual companies and so far only a memorandum of understanding between the NUS and Hour of Energy, the oil companies and the unions was drawn up last year and gave union officials "access to rigs and platforms" but while the dispute is on that agreement is virtually still a dead letter.

Deprived of any effective way through North Sea operations to make the oil companies pay on Mr. Bristow, BALPA has turned to their other activities. Pickets from Dyce have been on duty BP's panel of the U.K. Offshore Operators Association to discuss access and in very general terms the procedures for recognition. But again these have been of limited value to the unions since the Association has party of its list of rig operators to no power to negotiate. The most recent meeting was called off by the companies, which felt it would be unhelpful to meet while the Bristow dispute was still on.

A punch on the nose

THE OLD battles and pre-Victorian crusade against hated trade union power. In Mr. Young he has an antagonist of similar firm-mindedness — and are true.

Mr. Bristow, 53, began his flying career in the Fleet Air Arm and won the Croix de Guerre. Another period in his life found him operating, while the TUC General Council in the support of the wider trade union movement. This will be illustrated by a visit to Aberdeen next week by members of the TUC General Council, including Mr. Ray Buckton, general secretary of the railway footplate men's union, and Mr. Olive Jenkins to support the likely picket line of pilots, many of them former Service officers and Conservative voters who are battling with Mr. Bristow.

Mr. Bristow's past has also stayed with him. One tells of the day when he abruptly left his job likely picket line of pilots, many of them former Service officers and Conservative voters who are battling with Mr. Bristow.

Mr. Bristow once more finds himself cast by some of his employees as a man pursuing a

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Letters to the Editor

Graduates

From the Director of the Masters Programme, London Graduate School of Business Studies.
Sir—I was glad that Michael Luxon's article on May 12 "Sadness in Regent's Park" raised the problem of recruitment of business graduates by U.K. companies. At this school, the average student has four years of commercial experience before beginning his course, and is certainly aware that he has much to learn from those companies from whom he anticipates employment on graduation. Nevertheless, his conclusions that British business is slow to respond to developments in management education would coincide with our experience.

The figures which he quotes, however, do not reflect the total demand. Historically, American companies begin their recruiting campaign early in the season—the great majority of jobs which have come in since the article was written are from British companies, and I would anticipate this trend to continue. Moreover, some 25 per cent. employment opportunities do not arise through the form of the placement service but are the result of direct contacts made between companies and students. Most of these offers result from the extensive in-company project work which all students must do as part of their post graduate degree requirements.

It is encouraging that we now have more unsolicited requests from small and medium sized British manufacturing companies for assistance in the solving of substantial business problems than we have students to work on them. This allows both company and student to have a good look at each other prior to the possibility of a job offer and helps to destroy the myth that our students are arrogant and impractical.

(Dr.) David Norburn, Sussex Place, Regent's Park, N.W.1.

derived from exports. More serious than the absence of such concessions, however, is the invidious rule, current over much of British industry to-day, of "prices falling at date of despatch." In practice, this means that the buyer does not know in advance how much an order is going to cost, the amount of increase, and how many increases during the delivery period. Very often the supplier, or indeed the manufacturer, also does not know what the increases are, as they themselves are awaiting costings from their raw material suppliers and anticipate pending wage increases, or price increases, awarded by the Price Commission.

This places the exporter between the devil and the blue sea. If precautionary measures like price escalator clauses are taken, the product is overpriced and rendered uncompetitive and an order can easily be lost. If no such precautions are taken, and a firm price quoted, then a thumping big loss may well be the result of such transactions.

We were flabbergasted to be informed by a Danish visitor to-day that his factory had fixed prices until the end of this year. On being questioned how he could be so certain that no price increases would take place, he informed us that the Government had decreed a price increase of only 2 per cent. between now and the end of this year. With raw material and labour costs fixed and agreed beforehand, the Danish exporter is certainly better placed to guarantee fixed prices than his British counterpart.

Here, it seems to be the rule that manufacturers, frustrated by the Price Commission's refusal to allow price increases on the U.K. shift the burden of such increases on to the export market. As exporters of commodities to 50 countries throughout the world, we have experienced spare parts price increases up to 35 per cent. within three to four months. Some manufacturers increase their export prices regularly by an average of 10 per cent. each quarter. Others increase their

prices without rhyme or reason in an entirely seemingly arbitrary fashion. As a consequence British manufacturers and exporters are deservedly earning themselves a reputation for unreliability, not only in deliveries, but for price instability.

How many times can a letter of credit be increased to cope with price increases? How many times must an importer be extended because of late deliveries? Who can blame the overseas client when in disgust he turns elsewhere for his supplies? Faced with such odds and self-inflicted handicaps, the selling achievements of the British exporter and entrepreneur are not sufficiently recognized, and his efforts are insufficiently rewarded. Is there any logical reason why exporters should have their company profits taxed at the same rate as the importer of foreign colour television sets, or the retailer of heavily subsidised butter and bacon?

Unless we can give some sensible answers to these basic problems, the export-led boom will simply fail to take off, and exporters themselves will cease to be fun.

David Jedwab, Anglo Overseas Products, Orchard House, Potlery Bar, Herts.

Productivity

From the Director, The Institute of Practitioners in Work Study Organisation and Methods.
Sir—The inspectors reported (May 18) that auditors should monitor productivity deals under the Phase Three pay policy may at first sight seem attractive. They contain considerable difficulties, however.

If productivity deals are to be part of any new policy there is clearly a case for seeing they are properly set up and monitored. It is difficult however to see at what stage the auditor would come into the proceedings. If he is only to be involved after the scheme has been in operation, then obviously this is too late for him to make any substantial changes. If, on the other hand, he is to be involved

at the time the deals are formally agreed between management and trade unions, then he must take part of the responsibility if things go awry.

It may even be intended that he should be involved in the actual monitoring of the work measurement and other performance indices necessary to set up a productivity scheme. If so, the auditor would require special skills which can only be acquired through considerable specific training and experience.

Management and unions often have difficulty in agreeing productivity schemes in the normal course of events. Under a new pay policy there are going to be even more problems. Usually they can be sorted out between the two parties with the help of a qualified work study practitioner. The introduction of yet another party, that is, the auditor, can only make things more difficult—and more costly.

Edward A. King, Institute of Practitioners in Work Study Organisation and Methods, 9-10, River Front, Enfield, Middlesex.

Gains

From Mr. L. Clark.
Sir—Alert taxpayers will agree with Mr. G. Walter (May 14) that the taxation of non-existent values, under the euphemism of capital gains tax, "should be repugnant to this country." To comply is to condone the evil, and some moderate resistance is called for. The inspectors reported (May 18) that auditors should monitor productivity deals under the Phase Three pay policy may at first sight seem attractive. They contain considerable difficulties, however.

any long-term transaction, since there has been no one-year period without inflation since May 6, 1965.

I have indicated my willingness to pay tax on monetary gains provided they are assessed separately from capital gains or alternatively on the unindexed figures provided these are correctly described as monetary and capital gains and losses, or any other truthful title. But I have appealed along these lines to the General Commissioners, Watford.

Laurence Clark, 6, Temple Gardens, Moor Park, Rickmansworth, Herts.

Soviet sales

From Mr. A. Troekurov.
Sir—I think that in the article "Export Import" (April 13) David Lascelles magnifies the role of western technology in the Soviet economy when he claims that production growth in the Soviet Union depends on the import of advanced western technology and know-how.

The imports, in fact, account for about 15 per cent. of the equipment at Soviet factories and plants and 10 per cent. of goods in retail trade. Moreover, it is the Socialist countries, members of the Council for Mutual Economic Assistance, that are the Soviet Union's major trading partners. They account for three-fifths of the Soviet import of machinery and equipment. The sale of the international division of labour made the policy of autarky senseless to-day. At the present time 600,000 major types of machines and equipment are manufactured in the world. The United States, for example, produces 200,000 of them. In 1974 alone that country bought \$24bn. worth of machinery and equipment, whereas the Soviet Union bought only \$3.5bn. worth of these products in the capitalist world. In 1975, according to Mr. Lascelles' viewpoint, one might have thought that the United States was more dependent on imported

technology than the Soviet Union.

The picture painted by Mr. Lascelles is lopsided. He completely ignores the fact that trade and economic relations are a two-way process. Licences for Soviet technology and know-how are bought by countries throughout the world and are used in all industries. The sales of licences through the Soviet Litsenzintorg—export-import association—are steadily growing. The average rate of growth in the sales of Soviet licences is about 30 per cent. Litsenzintorg maintains contacts with companies in 30 countries, including Italy, France, West Germany and Japan.

Andrei Troekurov, Novosti Press Agency, 2, Pushkin Square, Moscow, U.S.S.R.

Elections

From the Greater London Council Member for Hendon North.
Sir—In the correspondence of turn-outs at elections, two things have been overlooked by those who favour proportional representation in local elections.

In the GLC election, for example, turnout was higher in Conservative areas than it was in Labour areas. The evidence for this is that the percentage vote in seats which may roughly be described as "safe" for the Conservatives, was generally higher than in those traditionally regarded as "safe" Labour. In my own constituency of Hendon North, the percentage turnout in some "Conservative" polling districts was nearly 60 per cent., while that in the "Labour" polling districts was below 40 per cent.

The second point which is overlooked—and it is an uncomfortable one for people like myself who favour many aspects of PR—is that if the last GLC election had been decided on proportional representation, 5 per cent. of the members of the GLC would now be representatives of the National Front Bryan Cassidy, County Hall, S.E.1.

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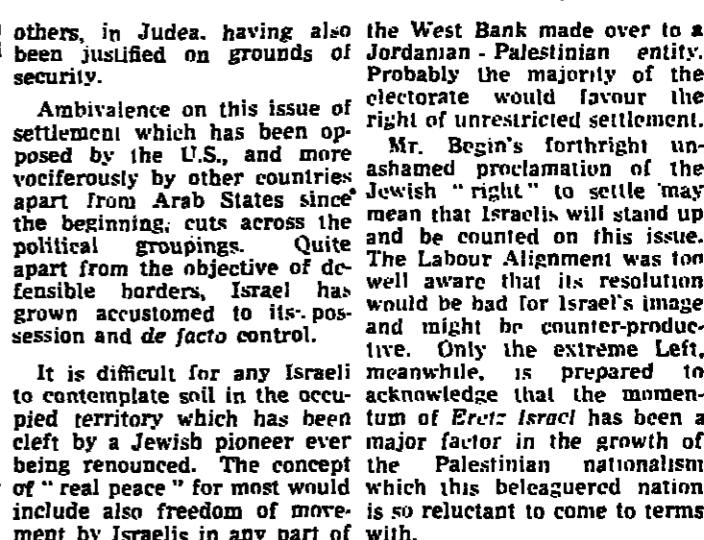
Schlesingers

BY RICHARD JOHNS, in Tel Aviv

On Thursday Israel's prospective new Premier made a series of attacking religious remarks against Kaddum near the site of the ancient capital of Samaria. There he asserted that "Jew has every right to settle in these territories." There could be no question of annexation because "you cannot annex your own country." The Labour Party leader Mr. Peres retorted although there is nothing to prevent Israel imposing its own law on the occupied territories it would not be "permissible."

Kaddum was never authorised by the outgoing Labour-led Government but was allowed to remain in "temporary" being behind the barbed wire of an army camp, despite Mr. Rabin's assurance that it would be destroyed within a year.

His pusillanimity was largely because of opposition by Mr. Peres, then Defence Minister, to its removal. Only last month the first settlement was permitted in Samaria, near Tulikarem.



CTORS of the Greenwich processing laboratory yesterday referred to the Attorney General a complaint about the actions of three Government officers in joining a picket at the company on Thursday. The company has a writ of habeas corpus against the Advisory Conciliation and Arbitration Service arising from a survey of 40-week-long recognition dispute at Greenwich, and is understood to be arguing that the three Ministers—Mr. Denis Howell, Mr. Fred Mulley and Mrs. Shirley Williams—were in contempt of court by seeking publicity which might influence the action.

The Treasury also points out that \$100m. has been committed in the budget over the next two years for construction work in inner-city areas. The relative balance between capital and current items is now taking place as part of this year's public spending survey.

In its comments, the Treasury also says it will get back as quickly as possible to publishing the annual Expenditure White Paper either before the economy through the intermediate years that takes account of the problem of financing the imbalance while the errors are being corrected." This analysis formed the basis of the actual plans.

Of the problem of estimating the borrowing requirements, the Treasury points out that many local authorities, including the largest, are co-operating in the introduction of the new monthly sample survey of local borrowing.

MEETS. Coal Industry Society annual meeting, Isle Park Hotel, S.W.I. Preliminary estimate of gross domestic product based on output data (first quarter). Turnover of motor trades (first quarter). New vehicle registrations (April).

TUESDAY—President Carter due to meet Crown Prince Fahd of Saudi Arabia in Washington. CBI London and South East Regional Councils meet at Royal Albert conference opens, Scarborough. General Council of British Shipping annual report. Unemployment and unfilled vacancies (May projections). Construction new orders (March).

WEDNESDAY—Labour Party National Executive Committee. TUC General Council meets. From today, surveillance licensing of iron and steel imports to U.K. from non-EEC countries comes into force. Newcastle Maritime Address. Opposition leader, Thatcher, addresses Conservative Women's conference, Central Hall, Westminster. CBI Wales Council meets. Automobile Association national meeting. Bricks and cement production (April).

THURSDAY—Scottish National Party conference opens, Dundee. Peter Watkinson presents, Ipswich, Suffolk. Southern Region annual lunch. Financial Times

and commercial vehicle production (April, final). Capital expenditure by manufacturing, distributive and service industries; multi-regional breakdown; distributors' stocks (first quarter provisional). Unemployment in production industries; and overtime and short-time working (March). Stoppages of work due to industrial disputes (April). Energy Trends publication.

FRIDAY—House of Commons rises for Whitsun Recess. Welsh Affairs Commission presents, Llandudno. Sales and orders in engineering industries (Feb.).

If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than five years. 81% to 94% (depending on your starting age) is invested except in the first two years when an additional 20 per cent is retained to meet setting-up expenses.

COMPANY NEWS + COMMENT

Debenhams tops £20m.—1 for 3 rights

DEPARTMENT STORE, shop, and supermarket operators, Debenhams reports turnover, excluding VAT, up from £209.94m. to £275.53m. for the 52 weeks ended January 20, 1977, and an advance in pre-tax profits from £13.51m. to £20.45m. after a fall from £24.1m. to £20.64m. in the first 28 weeks. The directors also announce proposals for a one-for-three rights issue to raise some £21.9m. net of expenses.

Earnings per 25p share are shown to be ahead from 12.1p to 17.3p. In view of the present uncertainty over the future rate of income tax the final dividend is



Sir Anthony Burney

being recommended on a gross basis and will be paid after the rate of income tax is known. The payment will be 1.035p per share against 4.442p for a total of 7.206p (5.633p) the maximum permitted.

Sales including VAT... £275.53m. Sales excluding VAT... £209.94m. Trading profit... £20.45m. Interest... £1.18m. Other credits... £1.18m. Profit before tax... £20.45m. Tax... £3.51m. Net profit... £16.94m. Dividends... £1.035p. Retained... £15.905m.

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DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corresponding div. year	Total for year	Total for last year
Allied Leather	2.21	July 4	2.21	3.45	3.45
Beradin Rubber	0.5	June 30	—	—	1.01
Brit. Indian Tea	3	—	2.5	5.5	5.5
Debenhams	5.112	Sept. 20	4.4	7.3	6.83
Derritron	2.33	July 15	Nil	0.85	Nil
Eng. & Int. Tst.	2.43	July 15	2.1	3.3	3.15
Ever Ready	0.41	—	0.38	0.41	0.38
W. G. Frith	2.87	July 14	2.61	3.83	3.49
M. J. Gleeson	0.32	—	0.1	1.82	0.3
A. Golders	0.68	June 30	0.62	—	1.85
J. Harrison	2.84	July 2	2.54	3.74	3.74
Malton Inv.	6	July 20	5	9	8
MAM	1.85	July 18	1.95	—	5.2
W. L. Pawson	Nil	—	0.4	Nil	0.4
Staffex Int.	1.81	—	1.7	3.19	2.9
Stid. Fireworks	4.5	Aug. 3	4.1	4.5	4.1
Stockholders Inv.	0.8	—	0.63	—	1.65
U. O. S.	0.96	—	1.09	—	0.96
Ben Williams	Nil	July 5	0.5	Nil	0.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout, to be paid when income tax rate is known. § Total 2.05p intended. ¶ Paid in view of exemption from dividend control announced on May 18.

thereby reducing short term indebtedness.

The issue of £3,406,813 new Ordinary shares is to holders on the register on May 10, 1977. The offer is at 85p per share payable in full on acceptance not later than June 29, 1977.

The issue has been underwritten by Kleinwort, Benson and Morgan Grenfell and the brokers to the issue are W. Greenwell. In the absence of unforeseen circumstances, it is the directors' intention to recommend dividends for 1977/78 on the capital as increased, which together with associated tax credits will amount to £2,020.02p gross per share. This represents an increase of 10 per cent. over the gross dividends of 1976/77.

Sir Anthony says that sales including VAT increased by 34.6 per cent. during the year including sales arising from new acquisitions. Sales continued to be satisfactory in the first 15 weeks of the current year, he adds.

See Lex

Staffex slips in second half

FUSIBLE Interlinings manufacturer, Staffex International achieved taxable profits for 1976 of £2,080m. against £1,980m. for 1975, or £1,080m. at half-yearly.

Turnover was up at £43.53m. compared with £33.12m. in 1975.

The directors say that they anticipate a further advance in turnover for 1977, and despite external factors which they say are outside the control of the group, they are confident that there is adequate projected growth available over the next three years to produce satisfactory results.

Earnings are shown to be down from 8.5p to 3.1p per 25p share and the dividend is lifted to 3.19p (2.5p) the maximum allowed, with a 20 per cent. increase in the group's interim dividend.

In the group's Interim Dividend extension continues with emphasis on the Far East and South America. New technical developments in the production of fusible interlinings are planned during the next 12 months with consequent long term benefits.

Interest charges were higher than anticipated by the directors owing to the particularly severe rates experienced in the last quarter of 1976. Rates have subse-

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Of the sum of £413,000 charged as exceptional items, a non-recurring amount of £213,000 arose as the result of the group's decision to reduce the product range in the Far Eastern part of its trading division.

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MAM up to £0.93m. midway

REPORTING turnover up from £5.1m. to £6.2m. for the six months to January 31, 1977, an increase in pre-tax profits from £880,745 to £926,880, the directors of Management Agency and Music say that the satisfactory trend has continued and they hope that full year results will show a moderate increase over 1976-77 when profits came to £1,840m.

After a tax up from £437,987 to £482,034, net earnings rose from 5.82p to 6.09p per 10p share. The interim dividend is held at 1.95p

is still expecting the brewers to show further healthy gains in the current year. Bass Charrington is producing half-year profits on Thursday, and with the full benefits of last year's price increases now in effect, the directors expect to be expected to rise by around a quarter, a growth rate which should be roughly maintained for the full year bringing the pre-tax total to about £380m.

World-wide demand for diesel engine components was strong enough in 1976-77 to push Associated Engineering's annual profits up by 35 per cent. to £1,331m. So far there has been no sign of any significant slackening in volume and in January, 1977, the group forecast current year profits of at least £300m. Most analysts seem to estimate around £330m, which probably would mean a half-time profit of around £165m, against £150m. previously.

Market opinion on Marley's 1976-77 profits outlook is divided with forecasts ranging from a slight reduction on the previous year's £18m. pre-tax, to an increase to around £20m. DIV

net Last year's final payment was £23p.

comment

MAM's warned shareholders in its last report that profits would not be very different this year. In the event, interim profits are up by 5.2 per cent. and the small gain has been across the board. The change in the agreement with major artists has already taken effect last year but only after the half-year stage. So there is no significance in the extra £93,461. The impact of this change is to allow MAM to receive its commission regularly as at the end of the year; and revenues could, of course, increase under the new scheme if the artists concerned worked more. This is apparently happening, particularly in the U.S. where there is no longer any tax disincentives (with maximum rate of 30 per cent.) or limited residence requirement. Mean-

while, MAM could earn more on its U.K. promotions with American artists now that the pound has stabilised. Although there is apparently still a marginal loss on the marina side, the hotels are increasing their occupancy rates and the marina is still a little to entice about the 12 per cent. yield at 66p on the changed dividend looks about right.

2.5p payout by James Harrison

PRE-TAX profits for 1976 of builders James Harrison Holdings more than doubled from £500,647 to £1,136,002 after rising from £292,557 to £378,693 in the first half. Full year turnover was up from £4,060m. to £5,420m.

Earnings are shown to have advanced from 4.54p to 10.33p per 10p share and in order to comply with close company regulations, the dividend is stepped up by 62 per cent. from 1.387p to 2.25p net.

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WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Off 6 on inflation fears

BY OUR WALL STREET CORRESPONDENT

FURTHER LOSSES developed on Wall Street today, amid continuing apprehension over inflation and higher interest rates.

The Dow Jones Industrial Average lost a further 6.02 to 930.48, reducing its gain on the week to 2.12, while the NYSE All Common Index, at \$34.40, dipped 19 cents on the day but was still up 27 cents on the week. Declines outpaced advances by 788-to-382, while the trading volume further decreased 2.33m. shares to 18.95m.

The market lost ground shortly after the bell when the U.S. Government reported an 0.8 per cent. rise in its Consumer Price Index.

Apart from the concern about today's inflation report, traders were already bearish in response to higher interest rates and signs of further credit tightening.

Another news item, viewed unfavourably, was the 0.4 per cent. drop in April orders for Durable Goods following a 7.7 per cent. increase in March.

Steel continued lower after a Brokerage House lowered its 1977 earnings estimate for the U.S. Steel, off \$1 at \$49, and other producers.

IBM was down \$2 at \$249.15, analysts lowered their full-year earnings estimate.

Xerox shed \$1 to \$47.15 on its raised quarterly dividend.

THE AMERICAN OIL market was down \$1.10 to 114.73, reducing its gain on the week to 0.89.

Knickertoy rose \$1 to \$181 on a "definitive" merger agreement with Warner.

OTHER MARKETS

Canada again lower

Canadian Stock Markets also continued lower yesterday. The TSX 300 index gave way 7.0 to 1,114.6. Golds shed 1.2 to 1,001.9, banks dipped 1.17 to 211.96 and papers eased 0.15 to 101.16. But utilities rose 0.83 to 155.07.

Among Foreign stocks, American, German, Oil, Gold, and Dutch shares mixed.

Canadians weaker, Coppers well down.

BRUSSELS—Closed yesterday for extended Ascension Day.

AMSTERDAM—Market eased in quiet trading, but Dutch International mainly steady.

Insurance advanced, but most Banks, Shippings, Trading shares and Industrials declined.

SWITZERLAND—Narrowly mixed in quiet dealings.

Leading Banks barely changed. Financials and services mixed, but slightly. Industrials generally eased.

OSLO—Industrials and Insurance barely steady. Shippings easier, Bankings irregular.

COPENHAGEN—Lower in moderate dealings.

GERMANY—Mixed to weaker, on dampened pre-week-end activity.

HONG KONG—Prices drifted lower on lack of interest.

JOHANNESBURG—Gold shares narrowly mixed in quiet dealings. Industrials narrowly mixed.

NEW YORK, May 20.

Banks gave ground. Utilities shed up to DM1.50. But Stores and Engineering generally rose.

Other leading shares were barely maintained.

Public Authority Bonds gained up to DM0.15.

SPAIN—Further slight losses, although there was some buying of Banks. Banco de Bilbao was up 3 to 417 and the rights were in demand.

MILAN—Mixed to lower in quiet dealings.

Industrials narrowly mixed. Insurance slightly higher.

TOKYO—Slightly higher in very limited trading. Volume 180m. (170m.) shares.

Interest revived in recently neglected Electricals. Nippon Columbia rose Y80 to Y315 on expected good earnings.

AUSTRALIA—Little change, with Banks firm and Mines mixed.

Among active Banks, National Bank rose 1 cent to \$2.82, ANZ 2 cents to \$3.52 and CBA 2 cents to \$3.17.

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NEW YORK, May 20.

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SPAIN—Further slight losses, although there was some buying of Banks. Banco de Bilbao was up 3 to 417 and the rights were in demand.

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TOKYO—Slightly higher in very limited trading. Volume 180m. (170m.) shares.

Interest revived in recently neglected Electricals. Nippon Columbia rose Y80 to Y315 on expected good earnings.

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OVERSEAS SHARE INFORMATION

NEW YORK		Stock		May 20		May 19		Stock		May 20		May 19		Stock		May 20		May 19		Stock		May 20		May 19	
Alcoa	41 1/2	41 1/2	41 1/2	41 1/2	41 1/2	41 1/2	41 1/2	Alcoa	41 1/2	41 1/2	41 1/2	41 1/2	41 1/2	Alcoa	41 1/2	41 1/2	41 1/2	41 1/2	41 1/2	Alcoa	41 1/2	41 1/2	41 1/2	41 1/2	41 1/2
Aluminum	33 1/2	33 1/2	33 1/2	33 1/2	33 1/2	33 1/2	33 1/2	Aluminum	33 1/2	33 1/2	33 1/2	33 1/2	33 1/2	Aluminum	33 1/2	33 1/2	33 1/2	33 1/2	33 1/2	Aluminum	33 1/2	33 1/2	33 1/2	33 1/2	33 1/2
Amstar	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Amstar	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Amstar	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Amstar	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2
Armco	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Armco	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Armco	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Armco	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2
Aviation	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Aviation	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Aviation	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Aviation	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2
Baker Hughes	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Baker Hughes	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Baker Hughes	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Baker Hughes	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2
Bell	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Bell	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Bell	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2	Bell	28 1/2	28 1/2	28 1/2	28 1/2	28 1/2

Size (£m.)	Current price	Terms ¹	Acc'd Conversion dates	Flat yield	Red. yield	Premium†		Income			Cheap(+) Dear(-)◇	
						Current	Range‡	Equ.§	Conv.¶	Diff.‡	Current	
9.05	99.00	100.0	76-80	10.5	10.9							
1.40	90.00	200.0	76-79	11.0	11.5	1.1	1 to 10	13.5	16.8	1.4	+ 0.3	
10.25	117.00	35.7	77-78	8.6	8.1	-4.2	4 to 9	15.6	9.2	-3.5	+ 0.7	
4.89	104.00	62.0	72-80	7.5	7.4	-0.2	1 to 11	18.6	18.7	0.0	+ 0.2	
8.84	111.00	234.0	76-78	8.9	5.6	-7.0	9 to 3	7.8	3.1	-4.0	+ 3.0	
15.31	99.00	150.0	76-84	12.2	12.2	29.4	29 to 59	27.0	49.8	29.9	+ 0.5	
122.30	95.00	120.2	73-78	10.7	10.8	-5.3	5 to 8	6.7	4.8	-1.9	+ 3.4	
4.51	79.00	57.1	76-83	8.3	9.1	8.0	2 to 24	23.5	24.6	1.4	- 6.6	
0.20	160.00	326.0	75-78	4.4	2.9	-9.3	-14 to 3	12.9	6.6	-3.6	+ 5.7	
0.93	128.00	166.7	78-84	12.3	10.9	16.4	6 to 25	56.1	68.3	11.1	- 5.3	
5.50	130.00	128.0	78-87	7.6	5.9	20.9	19 to 47	35.2	50.0	23.0	+ 2.1	
7.38	89.00	153.8	74-79	9.0	11.3	18.1	10 to 47	10.1	13.6	4.6	-13.5	
11.10	81.50	40.0	76-83	12.1	12.3	40.5	34 to 56	23.3	38.6	25.3	-14.2	

100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent. of the 3 years' mean price. ‡ The range of income on ordinary shares in excess of that income on 100 nominal of convertible or the final dividend from present times until income on ordinary shares is greater than income on 100 nominal of convertible or the final dividend. § Income is assumed to grow at 5 per cent. per annum and is present value at 13 per cent. per annum. ¶ Income on 100 of the conversion and present value at 15 per cent. per annum. ◇ The difference between the convertible less income of the underlying equity and the underlying equity. † The difference between the premium and income difference.

100 nominal of convertible stock is convertible. [†] The ratio cost of investment in convertible expressed as per cent. of the Three-monthly rate. [‡] Income on number of Ordinary shares into which £100 nominal of convertible stock is convertible. [§] Income from present loan until maturity of the ordinary shares of £100 nominal of convertible stock. ^{||} Income on £100 nominal of convertible stock assumed to grow at 5 per cent. per annum. [¶] This is income of the convertible less income of the £100 nominal of ordinary shares and present valued at 15 per cent. per annum. [□] This is income of the convertible less income of the £100 nominal of ordinary shares. [◇] The difference between the premium and income difference expressed as per cent. of the nominal value of the convertible stock.

STOCK EXCHANGE REPORT

Fresh widespread setback as profit-taking continues

Index off 6.5 at 461.3, but up 11.2 on the Account

Account Dealing Dates
Option
First Declared Last Account
Dealing Date
May 19 May 20 May 21
May 22 Jun 9 Jun 20 Jun 21
Jun 12 Jun 23 Jun 24 Jun 25
Jun 26 Jun 27 Jun 28 Jun 29
Jun 30 Jun 31
* "90 day" dealing may take place from 9.30 am, two business days earlier.

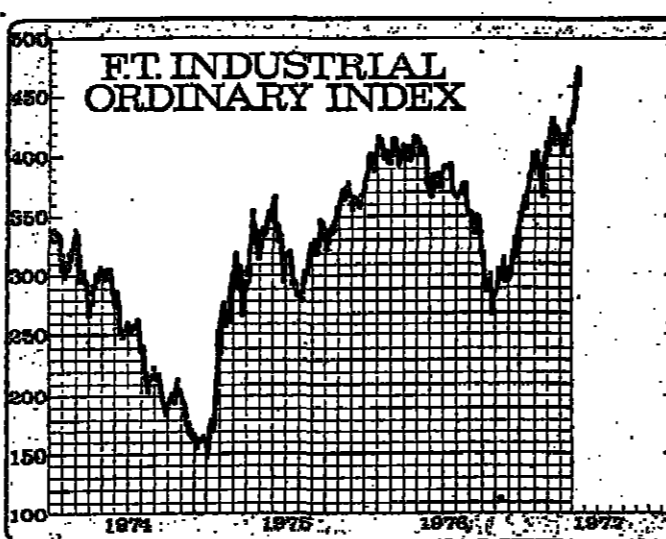
British Funds and equities were again vulnerable yesterday after the strong advance seen earlier in the Account. Sentiment was not helped by the unexpected sharp rise in the April Retail Prices index, particularly in the Funds where final losses ranged to 1. The Government Securities index recorded 0.39 more to 70.38, but still recorded a gain of 0.19 on the week.

Marking down by jobbers failed to deter further end-account profit-taking in the leaders and a fair volume of stock came on offer which left the FT 30-share index down 6.5 at 461.3. However, returning optimism that the recovery movement was about to resume when the new Account begins next Monday prompted some renewed buying interest in the late dealings and the index rallied to close 6.5 off on balance at 461.3. The index's four-year closing peak reached last Wednesday.

Widespread losses were recorded in secondary issues, but a few bright spots emerged, mainly in response to company trading statements. The extent of the overall reaction was reflected in the falls: rises ratio of 11.2 in 1977 compared with Thursday's 13.8 in favour of falls, and a loss of 1.6 per cent, to 191.47 in the FT Actuaries All-Share index. Official markings of 7.044 compared with 7.132 yesterday and 7.383 a week ago.

Gilts fall again
The return of inflationary fears before and after announcement of last month's Retail Prices index, depressed the market in British Funds. Quotations opened lower reflecting the soft tone late the previous evening and progressively moved lower as minor recovery attempts soon proved abortive. Selling pressure was more intense at the shorter end of the market, where losses to 4 were sustained, but the heavier falls occurred among medium/longs which, although Equities were subject to technical influences after the upsurge seen earlier in the week, Minimum Lending Rate remained at 8 per cent, as expected. The new Sunderland 12 1/2 per cent, 1984 issue made an eventful debut in 210-paid form and traded between 210 and 210 1/2 before closing at 210 1/2. Other Government Securities reacted in line with the main funds, losing a point in places, while Southern Rhodesians shed 2 points or so.

Further selling of a widespread nature followed the investment and currency premium to 110 per cent, before the pressure eased in the face of renewed late



like amount easier at 434p, and 7 respectively. In contrast, John Brown softened 6 more to 200p, after 195p, and Hawker 85p, up 3p following the favourably reacted 8 to 62p, after 61p, able ruling by the U.S. Court of Appeals, a firm market earlier this week on news of the 1147m. A firm market of late on Press mention, reacted 8 to 512p. Fall in Russia Davy for a decline of 7 to 245p in back 8 to 215p. C. and W. Steel, 197p, and Wilkinson Walker, however, gained 10 more at 180p on further consideration of the proposed rights issue. B. Heath gave up 15 to 56p and Britannic lost 8 at 132p.

Suggestions that the industry's plans to invest nearly £1bn. over the next three years could be jeopardised by the Government's prices policy cast a shadow over the recovery. Greaves King were lowered 7 to 185p, while A. Guinness, 143p, and Bass Charrington, 11p, both closed 3 cheaper. Distillers were notched lower for a decline of 7 to 245p in A. Bell.

Thursday's mixed trend was repeated in Buildings. Further recovery in the late dealings, while James Harrison gained 3 to 25p on the excellent results.

End-account profit-taking took ICI down to 390p before a rally after-hours brought a close of only 2 cheaper on the day at 396p. Elsewhere in Chemicals, Allied Colloids shed 8 to 186p and Fisons 8 to 300p, after 355p.

Beecham lower
Most miscellaneous Industrial leaders closed a little above the previous evening's closing, but by yield considerations following the preliminary figures and fell away further to 467p before easing back on profit-taking to finish 11 worse. Beecham, down 6 at 169p, by yield considerations following the preliminary figures and fell away further to 467p before easing back on profit-taking to finish 11 worse. Beecham, down 6 at 169p, by yield considerations following the preliminary figures and fell away further to 467p before easing back on profit-taking to finish 11 worse.

Oil reactionary
There was little cheer for Oils which sustained fairly sizeable

11	F.P.	---	234s	22s	20	Backlund Trust	25s	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	
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"RIGHTS" OFFERS

Issue	Amount paid up	Latest Record Date	1977		Stock	Closing Prices	+
			High	Low			
40	nil	3/6	15/7	13m	Brook Bond	81p	
41	F.P.	18/5	15/5	41m	Coltens Group	43 1/2	
42	F.P.	5/5	8/5	24	Unilever	220	
43	F.P.	18/5	16/5	148	British Telecomm	144	
44	F.P.	20/5	10/5	61	Greene Group	62 1/2	
45	nil	24/5	21/5	54m	Gill & Duffus	35m	
46	F.P.	1/5	1/5	22	GKN	25 1/2	
47	F.P.	17/5	20/5	67	Hepworth Ceramic	65 1/2	
48	F.P.	8/5	51/5	82	Leigh Interiors	81	
49	F.P.	3/5	3/5	88	Leis Service Group	37 1/2	
50	F.P.	15/5	17/5	81	Lorain	77	
51	F.P.	13/5	10/5	128	Marshall's Universal	34m	
52	F.P.	17/5	17/5	41m	Spina-Sure	19 1/2	
53	F.P.	24/5	25/5	136	Sale Tilney	192	
54	nil	24/5	27/5	182	Spirax-Sarco	182	
55	nil	24/5	27/5	10m	Steel Bros	51p	*
56	nil	24/5	27/5	92m	Tilling (Thomas)	81p	
57	nil	24/5	27/5	36m	Tilling (Harry)	81p	
58	nil	24/5	27/5	54m	Watts, Buxton	51p	
59	nil	24/5	27/5	156m	Woodside-Burnham	14p 1/2	

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Unit Tr. Mgrs. Ltd. (a)(b) Aberdeen, Scotland Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p	Brown Shipley & Co. Ltd. London, England Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p	Guardian Royal Unit Tr. Mgrs. Ltd. London, England Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p	Pleasance Unit Tr. Mgrs. Ltd. (a)(b) London, England Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p	Arbuthnot Securities (C.I.) Limited London, England Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p	Fidelity Mgmt. & Res. (Bda.) Ltd. London, England Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p	Kemp-Coo Management Jersey Ltd. Jersey, Channel Islands Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p	Save & Prosper International London, England Capital: £100,000 Assets: £100,000 Liabilities: £100,000 Net Assets: £100,000 Units: 1,000,000 Price: 100p Dividend: 10p Next Dividend: 10p Next Date: 10p
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INSURANCE, PROPERTY, BONDS



Civil Engineering & Building Contractors

The Directors of M. J. Gleeson (Contractors) Limited announce following unaudited results of the Group for the half-year ended December 1976:

	Half-year ended 31st December, 1976	Half-year ended 31st December, 1975
Revenue	£26M	£25M
Profit before taxation	£600k	£475k
Profit after taxation	352	265
Dividend	304	210

These figures confirm the Board's expectation that recent levels of activity would be maintained in the half-year under review, the improvement in the resultant profit is encouraging. A satisfactory outcome is expected for the current half-year also.

The Directors have declared the maximum permitted interim dividend at the rate of 0.855p per share which with the related dividend is equivalent to a gross distribution of £105.054 - 10% of the last year's (£95.504). The interim dividend will be paid on 30th June 1977 to shareholders on the register at the close of business on the 10th June 1977.

Regarding future prospects, the Board is hopeful that the company will soon begin to benefit from the gradually improving outlook and from the release of public expenditure acts which were postponed by the government last winter.

VEST IN 50,000 BETTER TOMORROWS!!

500 people in the United Kingdom suffer from progressively disabling MULTIPLE SCLEROSIS - the cause and cure of which are still unknown - HELP US BRING THEM RELIEF AND HOPE.

Need your donation to enable us to continue our work in the CARE AND WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.

Please help - Send a donation today to: The Multiple Sclerosis Society of G.B. and N.I., 4 Tachbrook Street, London SW6 1TS.

UNIT TRUST MANAGERS LTD.

Unit Trust Managers Ltd. is a company limited by guarantee, registered in England, number 1014000. The registered office is at 101, Abchurch Lane, London EC4N 3DF. The company is authorised to carry on business as a unit trust manager under the provisions of the Unit Trusts Act 1955 and the Unit Trusts Regulations 1955.

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Oldham for industrial development

Phone Shaw 44411

Oldham

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INDUSTRIALS

Miscel.

[illegible]

SUMITOMO
HEAVY INDUSTRIES, LTD.
Tokyo, Japan

For ocean development,
systems engineering,
and environment protection.

MINES—Continued

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

OVERSEAS TRADERS

Stock	Price	High	Low	Cr	Div	Yld
Anglo Siam	100	100	99	100	100	100
Bank of China	100	100	99	100	100	100
Bank of India	100	100	99	100	100	100
Bank of Japan	100	100	99	100	100	100
Bank of Korea	100	100	99	100	100	100
Bank of London	100	100	99	100	100	100
Bank of Mexico	100	100	99	100	100	100
Bank of New York	100	100	99	100	100	100
Bank of Paris	100	100	99	100	100	100
Bank of Spain	100	100	99	100	100	100
Bank of Siam	100	100	99	100	100	100
Bank of South Africa	100	100	99	100	100	100
Bank of Sweden	100	100	99	100	100	100
Bank of Switzerland	100	100	99	100	100	100
Bank of Taiwan	100	100	99	100	100	100
Bank of Thailand	100	100	99	100	100	100
Bank of Tokyo	100	100	99	100	100	100
Bank of Union	100	100	99	100	100	100
Bank of Vietnam	100	100	99	100	100	100
Bank of West Africa	100	100	99	100	100	100
Bank of Yugoslavia	100	100	99	100	100	100
Bank of Zaire	100	100	99	100	100	100

COFFER

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

NOTES

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

TEAS

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

MINES

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

CENTRAL RAND

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

EASTERN RAND

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

FAIR WEST RAND

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

FINANCE

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

INDUSTRIALS—Continued

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

PROPERTY—Continued

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

INSURANCE

Stock	Price	High	Low	Cr	Div	Yld
Anglo American	100	100	99	100	100	100
De Beers	100	100	99	100	100	100
Gold Fields	100	100	99	100	100	100
Impresso	100	100	99	100	100	100
Lonrho	100	100	99	100	100	100
Platinum	100	100	99	100	100	100
Roan Antelope	100	100	99	100	100	100
Stannary	100	100	99	100	100	100
Transvaal	100	100	99	100	100	100
Witwatersrand	100	100	99	100	100	100

PROPERTY—Continued										TRUSTS—Continued									
377 High	Low	Stock	Price	High	Low	Cr	Div	Yld	377 High	Low	Stock	Price	High	Low	Cr	Div	Yld		
40	26	Regional Prop.	72	72	72	0.32	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
45	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
50	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
55	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
60	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
65	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
70	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
75	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
80	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
85	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
90	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
95	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
100	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
105	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
110	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
115	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
120	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
125	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
130	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
135	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
140	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
145	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
150	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
155	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
160	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
165	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
170	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
175	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
180	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
185	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
190	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
195	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
200	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
205	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
210	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
215	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
220	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
225	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
230	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
235	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
240	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
245	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
250	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
255	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
260	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
265	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
270	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
275	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
280	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
285	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
290	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
295	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
300	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
305	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
310	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
315	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
320	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
325	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
330	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
335	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
340	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
345	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
350	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
355	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
360	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
365	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
370	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
375	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
380	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
385	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
390	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
395	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
400	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
405	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
410	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
415	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
420	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
425	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
430	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
435	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
440	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
445	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
450	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
455	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
460	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
465	26	Do "A"	42	42	42	0.12	—	—	174	174	City & Com. Inc.	249	249	249	—	1.58	—		
470	26	Do "A"																	

Cruising means



MAN OF THE WEEK

A mystic and a fighter

BY DAVID LENNON

MENACHEM BEGIN is a true believer, a man of certainties. He is convinced that it was destiny which has given him the chance to become Prime Minister of Israel after 29 years as leader of the Opposition.

The nation has been longing for a strong figurehead since the fall from power of his great rival David Ben Gurion. Israel's first Prime Minister who ruled until the mid-1960s. Begin fits into the same mould, being indeed a character from the same era.

Small, bespectacled and looking far from fully recovered from a recent severe heart attack, Begin does not at first glance appear to be the answer to a troubled nation's prayers. But, for a country which is still on a war footing after nearly 30 years of independence, the 64-year-old right-wing leader does carry the aura of authority.

A man who attracts and gives intense personal loyalty, his position as leader of the right wing was never seriously challenged even when his



Menachem Begin
Attracts and gives intense personal loyalty

political fortunes were at their lowest ebb. Despite losing eight elections in a row Begin continued to command the respect of his faithful followers.

He is justifiably regarded as the most dramatic public speaker and the finest Parliamentary orator in the country. He can rouse mass public rallies with his fiery delivery, or cut political opponents to the quick with the caustic lash of his tongue.

As a fighter, Israel's new leader has an impressive record. After immigrating to Palestine from Poland in 1942 Begin assumed command of the militant underground Irgun Zvai Leumi which in 1944 led the uprising against the British mandatory authorities, contrary to the wishes of most Jewish leaders who felt the fight should be postponed until after the defeat of the Nazis.

Mr. Begin has publicly supported Jewish settlements in the West Bank and the Gaza Strip even when this was contrary to the decisions of the Government. One of his first acts upon winning the election was to go to the as yet "unauthorised" settlement at Raddum on the West Bank.

Not all of the Jewish population was happy with his record before the foundation of the Israeli state, just as not all Israelis are happy with the prospect of having him as their Prime Minister. But Mr. Begin's personal modesty, quiet and reserved family life, is acknowledged by all to fit in better with the needs of the nation than the frequently ostentatious and sometimes corrupt behaviour of the Labour Party leadership circles. Begin has got his chance to rule because of national discontent with Labour Party corruption and incompetence in handling domestic issues, especially inflation.

However, for the world at large it is Begin's hard stance on the occupied territories which gives rise to fears for Middle East peace and stability. Hopes that power might mellow his fervent opposition to returning any of the West Bank have been quickly dashed. He has already told everyone who asks him that "Judea and Samaria" has been an integral part of the land of Israel. On annexation he dodges the question by saying that you do not annex your own land, as he claims it is. The PLO has no role to play in any Middle East talks. The Palestinians already have a homeland, and they are welcome to continue living in it, under Israeli rule.

If Begin forms a Government, as appears most likely, the prospects of any early settlement in the Middle East have definitely dimmed. His blend of mystical nationalism and the Israeli fear that the Arabs do not really want to make peace could combine to make any meaningful negotiations impossible. If however the U.S. Administration can squeeze concessions out of Israel then Begin could in the last resort be the man to sell a settlement to the Israeli people. Anything that he can swallow, they can.

FINANCIAL TIMES

Saturday May 21 1977

Ulster's new party line-up

BY GILES MERRITT, IN BELFAST

ULSTER'S swing to the moderate Centre in the local elections was confirmed last night as the final counting took place. The principal gainer has been the non-sectarian Alliance Party, which advocates power sharing and is now a political force to be reckoned with.

For the first time the Protestant and Unionist politicians, ostensibly representing two-thirds of the population on a sectarian basis, have seen their share of the poll fall to about 50 per cent.

Nevertheless, the Rev. Ian Paisley's hardline Democratic Unionist Party has managed to hang on to its share of the vote, in spite of its failure to achieve any clear results from the recent political strike.

The results in the complex proportionate representation vote to elect the 26 local councils will be studied closely this week-end by the parties and by the Government.

Mr. Roy Mason, Northern Ireland Secretary, will launch a

series of initiatives next week aimed at inter-party talks on administrative devolution. In broad terms, the signs point to the polarisation of moderate and extremist opinions. Inside the Unionists' ranks Mr. Paisley's DUP has fought a skillfully-planned election, four-fifths of its 108 candidates getting in, and has eroded the more moderate official Unionist Party's base.

The small pro power-sharing Unionist parties, Mr. William Craig's Vanguard and the Unionist Party of Northern Ireland, founded by the late Lord Faulkner, have been so badly hit that they risk disappearing from the political scene.

But the official Unionists remain Northern Ireland's largest party. They have gained from the Vanguard and UPNI reverses to take about 29 per cent of votes, compared with 28 per cent when Northern Ireland last went to the polls for the Convention elections two years ago.

PERCENTAGE OF SEATS WON BY ULSTER'S FOUR MAJOR PARTIES

	May '77	May '75	May '73
Official Unionist	31	26	40
SDLP	21	23	30
DUP	14	14	4
Alliance	14	9.8	13

The inroads by the DUP into the official Unionists' traditional control of most local councils is already giving rise to internal discontent with Mr. Harry West's leadership.

The Protestant political vote is now split between the rival DUP and official Unionists, the latter's recent moderate stance coming under fire from its own Right wing. Until a fortnight ago, both parties were allied inside the United Ulster Loyalist Coalition. The coalition split over Mr. Paisley's strike.

Last night's decision of the Official Unionists decided to

withdraw from the coalition, at least for the time being, because of advertisements attacking the party inserted by the DUP during the election campaign. The party's executive committee will consider the matter next month.

The most significant development is nevertheless the giant strides made by Alliance, which has almost as many seats as the DUP, and the resilience that has been shown by the mainly Catholic Social Democratic and Labour Party.

The SDLP's share of the vote has fallen from 23 per cent in the Convention election to 21 per cent, but the loss is small enough to silence speculation that the party has been on the verge of losing its political grip. The picture that emerges most clearly is of solidifying of opinion behind four parties in order of size official Unionists, SDLP, DUP and Alliance, and formation of a potent pro-power-sharing bloc able to negotiate on the same level as the Unionist parties.

BBC Cup Final coverage goes ahead

BY DAVID CHURCHILL, LABOUR STAFF

BBC COVERAGE of today's FA Cup Final between Liverpool and Manchester United at Wembley goes ahead as planned. This follows yesterday's Appeal Court decision preventing BBC camera crews, members of the Association of Broadcasting Staffs, from taking industrial action to stop the match being transmitted to South Africa.

The unanimous ruling overturned the judgment on Thursday by Mr. Justice Paine refusing the BBC an injunction against the union's taking industrial action in protest at South Africa's policy of apartheid.

Mr. Justice Paine had considered the threatened action a "trade dispute," which meant the union was protected under the 1974 Trade Union and Labour Relations Act from legal intervention.

But Lord Denning, Master of the Rolls, in the Appeal Court judgment, said that no trade dispute was in existence.

"The union was no doubt hoping that the BBC would give in, and if they did not, they were going to require their members to stop transmission. That is not a trade dispute."

After the Appeal Court decision the union agreed not to stop the match being transmitted to South Africa. The BBC said last night it had accepted the union's assurances.

Mr. Tony Hearn, union general secretary, said last night he was not surprised at the judgment, following other recent interpretations of employment legislation. But he felt the ruling would make it more difficult for unions to implement anti-

apartheid policies. He also believed the Appeal Court decision still left it open for trade unions to legalise anti-apartheid industrial action by making implementation of union policy part of negotiated terms and conditions of employment.

In the court's judgment, Lord Denning said that trade unions and their officers were entitled to induce others to break their contracts or prevent performance of contracts with others with impunity, provided that it was in furtherance or contemplation of a trade dispute.

He drew an analogy with workers in a newspaper strike who said they did not like an article which was to be published, so were not going to print the paper. That was not a trade dispute, he said, but coercive action ahead of a trade dispute.

There had to be a dispute in being or in contemplation for it to be considered a trade dispute under the terms of the 1974 Act. In this case, if the BBC had refused to negotiate a change in the conditions of employment directed against apartheid, then that could have amounted to a trade dispute. But things had not reached that stage, he added.

Another of the Appeal Court judges, Lord Justice Roskill, said that Mr. Justice Paine had not analysed the nature of the dispute between the BBC and its employees. When the BBC issued its writ the dispute, whatever its precise nature, had not yet reached the stage of being the "dispute" described by Mr. Justice Paine.

Postal workers South Africa boycott row, Page 15

Insurers alarmed at draft convention with U.S.

BY MALCOLM RUTHERFORD

LEADING LONDON insurers have raised strong objections to the draft Convention on Reciprocal Recognition and Enforcement of Judgements between Britain and the U.S. on the grounds that it will radically increase insurance premiums for British exporters.

The draft text of the convention is the result of three years of negotiation between officials of the Foreign Office and the U.S. State Department. It was recently published in order to encourage public comment.

According to official British sources, the Government is not committed to signing the convention in its present form and ratification would in any case require Parliamentary approval.

The principal objections from the U.K. insurance industry have come on the question of product liability. It is claimed that some British exporters to the U.S. or British companies operating inside the U.S. will be in danger of being put out of business if American courts rule that their products are defective.

This is partly because U.S. court awards tend to be very high and partly because the U.S. seeks to enforce rather higher product liability standards than Britain. At the very least, it is argued that the costs of insurance cover will rise steeply.

At a seminar organised by Lloyd's of London Press yesterday, Mr. Michael Payne, a liability underwriter, claimed that insurance premiums would have to be raised by 10 or 15 times to cover the new exposure.

Mr. Payne also referred to a number of cases in U.S. courts where judgments were given against the manufacturer in a way that would not have been possible in Britain. On the question of product liability, he said, the insurance industry was facing the biggest challenge it had faced for a very long time.

Much wider

The draft convention goes much wider than this subject. It is described by Whitehall officials as an attempt to produce the same kind of reciprocal agreement with the U.S. as Britain has had for many years with France and Germany and a number of other European countries.

As the text stands, it will apply to judgments in civil matters by courts at all levels. It is entirely reciprocal, and officials point out, was not mentioned by Mr. Payne in his speech.

There are also exceptions. Article 2, for example, on the scope of the convention rules out judgments for punitive or multiple damages. The convention would not apply either to judgments which determine matters of family law, including

marital rights in property. Last night the Lord Chancellor's office emphasised that at this stage the convention is no more than a draft and the Government will take no decision on its adoption until there had been full opportunity for consideration of comments.

The department said that there was no question of judgment in U.S. courts being "rubber stamped" by the courts in this country.

A U.S. judgment to be enforced in this way would have to satisfy stringent tests to ensure that in the circumstances it was fair for the defendant to be sued in the U.S.

"Such judgments are already enforceable at common law. The convention will give greater precision to the law and will make the process of enforcement simpler."

"Nothing in it would confer any jurisdiction on U.S. courts over persons in this country nor any additional jurisdiction over trading activities of British companies in the U.S."

It is said to be unlikely that the Government will seek ratification before next year.

"Draft Convention between the United Kingdom of Great Britain and Northern Ireland and the U.S. providing for the Reciprocal Recognition and Enforcement of Judgments in Civil Matters. Cmnd 67771. SO, 20p."

Concorde loses in U.S. court

By John Wyles

NEW YORK, May 20. BRITISH Airways suffered two technical defeats here today in its legal fight to win landing rights for Concorde at New York's Kennedy Airport.

Two rulings in the U.S. Federal District Court did not reverse last week's successful bid to lift the New York and New Jersey Port Authority ban on Concorde, but were sharp reminders that legal hurdles must be cleared before Concorde can start scheduled commercial operations into New York.

Judge Milton Pollack, who decided last week that the port authority could not legally ban Concorde, today allowed the authority a stay of execution until next Tuesday on his order to lift the ban on Concorde. He made it a condition that the authority should have filed an appeal against his earlier ruling in a higher court.

British Airways and Air France made it clear in court today that there were no plans to start Concorde route-proving flights before Tuesday and that therefore the brief stay of execution would not affect their plans.

The second technical setback came when the airlines failed to persuade Judge Pollack to include in his injunction a statement that the port authority should "take all steps and perform all actions to ease the operation of Concorde in and out of New York."

British Airways said in London that it did not regard the order as a setback to Concorde's future in New York.

Continued from Page 1
Retail prices

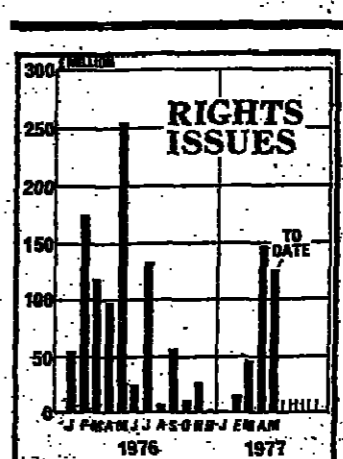
Electricity, gas and motor vehicle maintenance. Even if the underlying rate does start to drop in a couple of months an improvement in the rise measured in the last 12 months is unlikely until the period to mid-August. This is because comparison will be with the low monthly rises in June and July last year. The August index will not be announced until after the end of the possibly crucial TUC annual congress.

The latest figures also indicate a tightening squeeze on disposable incomes in recent months, even though earnings have risen faster than originally projected for Phase Two. In the year to July retail prices are likely to have risen nearly twice as much as average pre-tax earnings. Last month's rise in the index reflected increases in the price of many seasonal foods (with the main exception of potatoes, eggs). The seasonal food index rose 3.8 per cent in April, with a 1.7 per cent increase in food costs generally for a rise of 21 per cent in the last year.

THE LEX COLUMN

Falling back from the peaks

Index fell 6.5 to 4613



which Debenhams was using as a competitive weapon. Credit sales—sometimes on an interest-free basis—have also been a source of expansion, with the retail profit being taken immediately, but they explain much of the cash drain, debtors being 51 per cent higher. Despite the momentum of sales the group appears to have ended the year rather overstocked, and a £18m. (61 per cent) leap in non-bank current liabilities suggests that its suppliers have been easing the financial burden.

The outlook for the first half of 1977-78 is not very bright, but the real test will come in the second six months. Interest outgoings will then be much lower, a late Stage Two pay settlement in July could be helping costs, and the Government may well be boosting consumer demand. Yet the rewards will have to be substantial to justify all the equity dilution of the past couple of years, and the ex-rights yield of 9.5 per cent reflects the risk that Debenhams' trading formula may not achieve lasting success.

Compare this with House of Fraser, with a more traditional department store approach, including a juicy slice of the London tourist market. On a sales gain of 18 per cent it has staged a £13m. turnaround into profits in the inconsequential first quarter, and the yield at 132p is just 5.4 per cent—though its rating is currently being helped by takeover talk.

After the disappointing half-time results, the group's aggressive trading policy was rather more successful in the second half when pre-tax profits, ignoring non-trading items, rose by a third. But pre-interest margins eased slightly, perhaps reflecting the narrower gross margins

should sell its 35 per cent holding in Airco has important implications for other potential buyers of U.S. assets as well as for BOC itself. The judgment by the U.S. Court of Appeals appears to represent a real setback to the FTC's doctrine of "potential competition" which at one stage—in the words of the U.K. Government—appeared to threaten "a significant new barrier to the flow of foreign investment between the U.S. and the U.S."

The argument was that powerful company with the necessary resources and skill must be regarded as a potential competitor in a given market even if it does not operate there. Therefore if it wishes to enter that market, it should do so by taking over a major established business, but by starting from scratch or by buying out of the smaller operators.

Against this, BOC claim that there was no economical sensible way into the U.S. apart from through Airco. If it were to take ten years and \$240m. build a viable presence in the market. The appeals court seem to share this view: it suggests that the FTC has been dealing more with "ephemeral possibilities" than with "reasonable probabilities" and adds that there is no showing that an acquiring firm would have entered the market but for the acquisition. Then it cannot be said that the effect of acquisition may be substantial to lessen competition.

The FTC, which received similar rebuff in its recent efforts to block the merger between Atlantic Richfield and Anaconda, now has to decide whether to seek leave to appeal to the Supreme Court. It thinks there is a reasonable chance that it won't, and hopes to hear either way in the space of about a month.

If it gets its way, it will presumably be free for the time to exchange import-technical information with Airco. Longer term there may be at least a possibility of increasing its shareholdings, although it is clearly important that Airco should retain market quote. The investment has already proved its worth in financial terms: net dividend income of about \$4m. a year exceeds financing costs around \$1m., and the market value of the shares is currently about three-fifths above its purchase price.

BOC International

The news that BOC International has won its appeal against the U.S. Federal Trade Commission's ruling that it purchase price.

Weather

UK TODAY
MOSTLY dry and sunny. Light rain in N.W. Scotland. London, Cent. N. and S.W., N.W. England, Midlands, Channel Is. Wales, Lakes, I. of Man. Dry sunny spells, variable clouds. Max. 18-20C (64-68F). S.E. England, E. Anglia. Some rain early, sunny or clear patches developing. Max. 16C (61F).

N.E. England. Dry, sunny patches. Max. 15C (59F). Borders, Edinburgh, Dundee, Aberdeen areas, Moray Firth. N.E. Scotland, Orkney, Shetland. Early fog, sunny periods. Max. 11C (52F). N.W. Scotland. Dry and sunny. Max. 15C (59F).

N.W. Scotland. Cloudy, some rain. Max. 12C (54F). Outlook: Dry and sunny. Showers in S.E.

BUSINESS CENTRES

	Ytd	Mid-day	Ytd	Mid-day
	£	¢	£	¢
Alexandria	15	25	15	25
Amsterdam	15	25	15	25
Antwerp	15	25	15	25
Batavia	15	25	15	25
Bombay	15	25	15	25
Buenos Aires	15	25	15	25
Canton	15	25	15	25
Cebu	15	25	15	25
Colon	15	25	15	25
Hankow	15	25	15	25
Hong Kong	15	25	15	25
Kobe	15	25	15	25
London	15	25	15	25
Lyons	15	25	15	25
Manila	15	25	15	25
Medan	15	25	15	25
Shanghai	15	25	15	25
Singapore	15	25	15	25
Sourabaya	15	25	15	25
Tientsin	15	25	15	25
Yokohama	15	25	15	25

HOLIDAY RESORTS

	Ytd	Mid-day	Ytd	Mid-day
	£	¢	£	¢
Abaco	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25
Alghero	15	25	15	25

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